Termination¹

Austria	§ 8 VersVG tacit renewal possible, but valid for 1 year maximum for consumers. See also § 6 para 1 no 2 KSchG: insurer must warn the consumer policyholder that silence will be interpreted as consent to renewal consumer policyholders have a right to cancel an insurance contract by the end of the third year the latest (§ 8 para 3 VersVG)
Bulgaria	General rule is <u>Art. 196 Code for the Insurance</u> : An insurance contract is terminated upon expiry of the term, for which it has been concluded, as well as in the cases provided for in the Code. It may also be terminated on grounds agreed thereunder, where these do not contradict good ethics and the interests of the consumers of insurance services are not unjustly affected. Art.214 (3): An insurance subscription contract can be terminated by each party with one month's written notice unless agreed otherwise.
	Termination is also possible following non-performance by one of the parties' obligations, following significant change of circumstances, as well as in case the insured interest has ceased to exist. A transfer of ownership on the insured property might entitle any of the parties to terminate contract within 30 days from notification of the transfer, but in third party liability motor insurance only the buyer is entitled to do so.
Croatia	Pursuant to Article 946 of the Civil Obligations Act the insurance contract shall be effective as of the expiry of the date stipulated as the date of beginning of the insurance period until the end of the last day of the period covered by the insurance contract. If the period of insurance is not determined by the contract, each party to the contract may cancel the contract at the due date of the premium, notifying the other party thereof in writing, no later than 3 months before the premium due date. If the insurance contract is concluded for a period of more than 5 years, each party to the contract may cancel the contract upon the lapse of that period, notifying the other party thereof in writing, with a six-month notice.
Estonia	§ 468 LOA: Ordinary cancellation of insurance contract entered into for indefinite period (1) If an insurance contract has been entered into for an indefinite period of time, it may be cancelled by either party at the end of the current insurance period. (2) The term for giving notice of cancellation shall be the same for both parties and may not be less than one month or longer than three months. (3) Both parties may, by mutual agreement, waive their rights to cancel the contract

¹ The information in this table is provided by insurance experts or insurance organisations from respective country. It does not contain a thorough review of all Member States' insurance contract laws and does not reflect the official opinion of the Commission.

for up to two years.

§ 469. Cancellation of long-term insurance contract

A policyholder may cancel an insurance contract entered into for a period of more than five years at the end of the fifth year or any subsequent year by giving at least three months' notice thereof, unless otherwise provided by law.

Additionally the contract can be cancelled:

by the insurer due to:

- fundamental violation of obligations of the policyholder (§ 470)
- insolvency of the policyholder (§ 473)

by the policyholder due to:

- withdrawal of activity licence of insurer

Contract expires due to bankruptcy of insurer (§ 472)

See also partial termination of contract (§ 474)

- (1) If an insurer has the right to withdraw from a contract or cancel the contract only with respect to certain insured objects or persons, the insurer may do so with respect to the remaining objects or persons only if, under the circumstances, it can be presumed that the insurer would not have entered into the contract on the same terms solely for such objects or persons.
- (2) If an insurer withdraws from a contract or cancels the contract with respect to certain objects or persons only, the policyholder has the right to cancel the entire contract by the end of the period of insurance during which the insurer's withdrawal or cancellation is effected at the latest.

Finland

Basically, the insurance is valid only the time stipulated in the insurance policy/contract. There are different set of rules relating to the termination of continuous (tacit) non-life insurance than terminating, for example, a health Insurance or accident insurance or personal insurance, as well as there are different rules governing the insurer's and the policyholder's right to terminate.

In addition, the insurer's right to terminate life insurance during the policy period is specifically regulated in the law; certain conditions laid down in the statute must be met.

For example, when the insured has intentionally or through gross negligence caused the insurance event, the insurer may terminate the insurance policy.

When a policyholder, insured, or beneficiary breach the terms of the insurance contract the insurer can, depending on the circumstances, terminate the policy or limit compensation paid under the policy. An insurer is entitled to terminate a non-life insurance policy during an insurance period if (section 15, Insurance Contract Act):

. Either the policyholder or the insured gave incorrect or incomplete information before the insurance was issued and the insurer would not have issued the insurance if it had been aware of the true circumstances.

- ". There has been a change in the circumstances reported to the insurer by the policyholder or the insured at the time the contract was concluded, or recorded in the insurance policy, which:
- ". materially increases the risk; and
- ". the insurer cannot be considered to have taken into account when the contract was concluded.
- ". The insured has wilfully or through gross negligence failed to comply with precautionary guidelines.
- ". The insured has wilfully or through gross negligence caused the occurrence of an insured event.
- ".The insured has, after the occurrence of an insured event, given in bad faith incorrect or incomplete information important for assessing the insurer's liability to the insurer. The insurer can terminate the policy on 14 days' notice if the premium is unpaid (section 39, Insurance Contracts Act).

The insurer can limit compensation, for example, in the case of misrepresentation by the insured, depending on the circumstances, or because of the cause of the accident in transport insurance. The insurer can also limit or deny compensation when the policyholder or insured fails to observe security precautions.

Insurance may not be terminated as a result of the deterioration of health after taking out the insurance, or as a result of an occurrence of an insured event.

The insurer shall execute the termination of the insurance in writing without undue delay immediately after learning of the grounds permitting the termination. The said notice of the termination shall specify the grounds for termination.

France

(NON LIFE) Article L113-12 Insurance Code:

Modifié par Loi n°89-1014 du 31 décembre 1989 - art. 12 (V) JORF 3 janvier 1990 en vigueur le 1er mai 1990

The duration of the contract and the conditions of rescission are specified by the policy.

The insured has always the right to rescind (terminate) the contract after one year from its subscription. He shall do it sending a registered mail to the insurer two months in advance. The same right is owned also by the insurer.

This rule may be waived only for individual health insurance contracts and for the coverage of non-individual risks.

("risques autres que ceux des particuliers"). The right of rescission of the contract shall be specified in each policy.

Article R*113-10 Insurance Code:

If the policy foresees the insurer possibility of terminating the contract after an insured event happens, the termination should be effective after one month of delay from its notification to the insured person. The insurer who, after one month from the notification of the insured event, accepts the payment of a premium, of an annuity or of a premium fraction corresponding of an insurance period starting after the insured event, cannot take profit of the relevant insured event to terminate the contract.

In the case described in the first paragraph, the policies shall recognise the insured the right, during the delay of one month from the notification of the termination of the policy referring to the happened insured event, to terminate the other insurance contracts which (s)he may have subscribed with the insurer. Those terminations shall be effective after one month from the notification to the insurer.

The possibilities of termination foreseen in this Article imply the restitution by the insurer of those premiums or fraction of premiums referred to the period during which the risk is not still guaranteed.

Non-payment of a premium: Right to terminate the contract if the policyholder has delayed performance and a reasonable time to perform has lapsed:

Article L113-3(3,4) Insurance Code:

Modifié par Loi n°81-5 du 7 janvier 1981 - art. 31 JORF 8 janvier 1981 rectificatif JORF 8 février 1981

In the event of non-payment of a premium or a part of a premium within ten days as of its due date, and irrespective of the insurer's right to sue for performance of the contract, the cover may be suspended only thirty days after the insured has been served with formal notice. If the annual premium is payable by instalments, the suspension of the cover, in the event of non-payment of one premium instalments, shall be valid until the expiry of the annual period in question. The premium or premium instalment shall be payable at the insurer's premises in all events, after formal notice has been served on the insured.

The insurer shall be entitled to terminate the contract ten days after expiry of the thirty day period referred to in the second paragraph of this Article.

(NON LIFE) Article L 113-4 Insurance Code:

Modifié par Loi n°89-1014 du 31 décembre 1989 - art. 11 JORF 3 janvier 1990 en vigueur le 1er mai 1990

In the event of an increase of the risk during the contract, such that, if new circumstances had been declared at the time of conclusion or of renewal of the contract, the insurer would not have contracted or would have done so only in consideration of a higher premium, the insurer shall be entitled to terminate the contract or to offer a new premium amount.

In the first case, the termination shall take effect only ten days after notice and the insurer must then reimburse the insured for the part of the premium or contribution for the period during which the risk has not incurred. In the second case, if the insured has not followed up on the insurer's offer or if he expressly refuses the new contract within thirty days as from the offer, the insurer may terminate the contract at the end of said time limit, provided that it has informed the insured of such right, by stating it in clear print in the letter of offer.

However, the insurer may no longer complaint of the increase of risks when, after it has been informed thereof, regardless of how it was informed, it expressed its consent to continuation of the insurance, in particular, by continuing to accept premiums or by paying a compensation after a loss.

The insured shall be entitled, in the event of a decrease of the risk during the contract, to a decrease of the amount of the premium. If the insurer does not agree thereto, the insured may terminate the contract. The termination shall then take effect thirty days after the notice of termination. The insurer must then reimburse the insurer for the part of the premium or contribution for the period during which the risk has not been incurred.

The insurer must remind the insured of the provisions of this Article when the insurer informs it either of an increase or a decrease of the risks.

The provisions of this Article shall not apply to life insurance or health insurance when the insured's state of health has changed.

(NON LIFE) Article L113-16 Insurance Code:

Modifié par Loi n°89-1014 du 31 décembre 1989 - art. 13 JORF 3 janvier 1990 en vigueur le 1er mai 1990

In the event of the occurrence of one of the following events:

- change of domicile;
- change of marital status;
- change of matrimonial property regime;
- change of occupation;
- professional retirement or permanent discontinuation of a professional activity.

Each of the parties may terminate the insurance contract when it covers risks directly related to the earlier situation and which are not present in the new situation.

The contract may be terminated only three months after the date of the event.

The termination shall take effect one month after the other party to the contract has received notice thereof.

The insurer must reimburse the insured for the part of the premium or contribution for the period during which the risk was not incurred. Such period shall be calculated as from the effective date of the termination.

Payment of compensation to the insurer in the aforementioned events of termination may not be provided for.

The provisions of this Article shall not apply to life insurance. They shall apply as from 9 July 1973 to contracts contracted prior to 15 July 1972.

A decree in Conseil d'Etat defines the terms of application of this Article, in particular, the date which, for each of the events listed in the first paragraph, shall be retained as the starting date of the period of termination.

Article R 113-6 Code des Assurances:

Modifié par Décret n°92-1356 du 22 décembre 1992 - art. 1 JORF 29 décembre 1992

When one of the parties want to terminate the insurance contract for one of the reasons of Article L 113-16, (s)he shall send a registered letter to the other party asking for a "notification notice" and specifying the nature and the date of the event

causing the termination. The letter shall also specify all the information necessary to relate directly the termination of the contract and the relevant event.

If the event derives or is ascertained by a judicial decision, or its effects may come only after a judicial homologation or an exequatur, the relevant date is the one reported on the relevant judicial act.

Explicit formal requirements for the termination of the insurance contract:

Article L 113-14 Insurance Code:

Modifié par Loi n°81-5 du 7 janvier 1981 - art. 28 JORF 8 janvier 1981 rectificatif JORF 8 février 1981

Whenever the insured is entitled to request termination, he may do so, at his discretion, either by declaration made against receipt at the registered office or to the insurer's representative in the area, or by extra judicial instrument or by registered letter, or by any other means stated in the policy.

Germany

The insurer is entitled to terminate the contract if the policyholder does not pay the premiums, §§ 37 (1), 38(3) VVG.

According to § 28 (1) VVG the insurer may terminate the contract without prior notice within one month after learning of the non-observance if the policyholder has not respected a contractual duty (Obliegenheit) which the policyholder must fulfil vis-à-vis the insurer prior to the occurrence of an insured event, unless the non-observance was not intentional or based on gross negligence

§ 11 VVG (2):Both parties may terminate the contract in case of insurance contracts concluded for an unlimited time.

§ 111 VVG: In case of liability insurances, both parties are entitled to terminate the contract after the occurrence of the insured event, if the insurer has acknowledged or wrongly rejected the policyholder's recourse.

§ 168 (VVG

(life insurance) (1) Where continuous life insurance premiums are payable, the policyholder may terminate the insurance policy at any time to the end of the current period of insurance.

(2) If an insurance covers a risk for which the insurer is certain to be liable, the policyholder's right to terminate the contract shall also apply if the premium consists of a single payment.

For health insurance some special rules apply, s. §§ 205, 206 VVG.

Greece

In addition to the general provisions (art 8 § 1 and 2 of law 2496/1997) that are mentioned above (in regard to "renewal"), the following provisions are also applied:

- In general, the insurer is entitled to terminate the contract by notice:
 - a) in the event that the policyholder does not pay the premium installment (art 6 § 2 of law 2496/1997),
 - b) in the event that the policyholder intentionally fails to comply with his duty

to disclose all information or circumstances of which he is aware, and which are objectively significant for the assessment of the risk (art 3 § 6 of law 2496/1997).

- c) in case of a significant aggravation of the risk throughout the contract period (art 4 of law 2496/1997),
- d) in the event that the policyholder or the insured is succeeded by another party (art 12 of law 2496/1997). In such case, the policyholder or the insured has a corresponding right (i.e. to terminate the contract).
- e) in case the policyholder is declared insolvent or if its business becomes by any other means subject to compulsory administration (art 8 § 4 of law 2496/1997).
- In general, the policyholder is entitled to terminate the insurance contract by notice:
 - a) in the event that the insurer is declared insolvent, or if it is deprived of the free disposal of part or of all its property (art 8 § 4 of law 2496/1997),
 - b) in case of a significant reduction of risk, followed by the insurer's refusal to proceed to a proportionate reduction of the premium (art 5 of law 2496/1997).
- ➤ According to Art 8 § 5 of the law 2496/1997, the insurance policy may also provide further reasons for the termination of the insurance contract.. In the event that the insurer maintains the right to terminate the contract after the insured event has occurred, the policyholder shall have a corresponding right.

MTPL insurance: Art 11a § 1, 2, 3 of law 489/1976 provides for the following:

- An MTPL insurance policy may be terminated at any time by the parties involved with a written agreement.
- The policy holder or the insured can terminate the MTPL insurance policy at any time with a written declaration served with a notice of receipt to the insurer or his appointed agent.
- The insurer can only terminate the MTPL insurance policy for violation of an essential condition by the policy holder or the insured with a written statement, providing proof of the said violation.

Hungary

(Pkt. 6:454)

[Nullification of contracts; lapse of interest]

- (1) If the insurance event occurs, its occurrence becomes impossible, or the insurable interest ceases before the insurance coverage becomes effective, the contract or the relevant part of it shall be terminated.
- (2) If occurrence of an insurance event becomes impossible or the insurable interest ceases during the period of risk coverage, the contract or the relevant part of it shall be terminated.
- (3) The legal effects attached to cases of lapse of interest in the insurance shall not apply, if the lapse of interest results solely from the transfer of ownership of the

insured property, and the property in question was held by the new owner previously under a different title. In that case, insurance cover shall pass together with ownership, and the former and the new owner shall be jointly and severally liable for premium payments due at the time of transfer of ownership. The contract may be terminated by either of the parties within thirty days after gaining knowledge of the transfer of ownership, by giving thirty days' notice.

(Pkt. 6:446)

- (1) If the insurance company becomes aware of any material circumstance regarding a contract, or any changes thereof, only after the contract has been concluded, and these circumstances bring about a considerable increase in the insurance risk, the insurance company shall be entitled to make a written proposal within fifteen days after gaining knowledge thereof to amend the contract or may terminate the contract in writing with thirty days' notice.
- (2) If the contracting party does not accept the proposal for amendment or fails to respond to it within fifteen days from the time of receipt thereof, the contract shall be terminated on the thirtieth day following the day of communicating the proposal for the amendment, if the insurance company warned the contracting party of this consequence when the proposal for amendment was made.
- (3) If the contract covers more than one asset or person concurrently, and the considerable increase in insurance risk applies to some of them only, the insurance company shall not be able to exercise its rights under Subsections (1) and (2) with respect to the remaining assets or persons.

(Ptk. 6.466)²

Contacts concluded for an open term may be terminated at any time with 30 days' notice prior the end of the insurance period.

The contracting parties shall be entitled to include a clause in the contract to exclude the right of termination for a maximum of 3 years.

If a contract covers a period of more than 3 years and the parties do not stipulate that it can be abrogated before the specified period lapses, either of the parties shall be entitled to abrogate the contract as of the fourth year. If the contract is cancelled by the client, the insurer shall be entitled to demand the repayment of the term discount (premium discount).

(Ptk. 6:483)

Life insurance contract cannot be terminated by the insurer, unless the insured risk has been increased significantly.

(Ptk. 6:483)

Health insurance cannot be cancelled by the insurer in the form of normal termination.

(Ptk 6:490)

² The text below refers to the following Hungarian laws:

[■] Ptk. – Hungarian Civil Code: Act of V of 2013.

[■] Bit. – Act on Insurance Institutions and Insurance Business; Act of LX of 2003.

[Termination of health insurance contracts]

- (1) The possibility that the insured person's health deteriorates with age due to natural causes shall not constitute a considerable increase in insurance risk.
- (2) The insurance company may not terminate a health insurance policy by notice in the ordinary way.

Romania

Article 2209 of Civil Code states that the termination of an insurance contract by one party shall be made only in compliance with a notice period of at least 20 days calculated from the date of notice receipt by the other party.

Article 2206 of Civil Code states that, unless agreed otherwise, the insurer may terminate the contract if the insured did not pay the premium at the payment date stipulated in the insurance contract.

Article 2204 of Civil Code states that the misstatement or reluctance on the insured or the insurance contractor whose bad faith could not be established will not void the insurance contract. If the failure or reluctance misstatements is previous the moment that the insured risk occurs, the insurer is entitled to keep the contract, requiring premium increase, or to terminate the contract at the end of a period of 10 days calculated from the notification received by the insured, return latter's share of the premiums paid for the period in which the insurance does not work. When finding misstatements or unwillingness of the insured risk is later, the allowance is reduced in relation to the proportion of the premiums paid and the premiums that would have been payable.

Slovakia

§ 800 of CC

The insurance within which the regular premium is agreed shall be terminated upon notice at the end of the insurance period, such notice shall be given at least six weeks before the insurance period expiration.

It may also be greed on that insurance may be terminated by any of the parties within 2 months after the insurance contract conclusion. The notice period is 8 days; by its expiration the insurance contract shall become null and void.

The insurer is not allowed to terminate personal insurance, except for accident insurance.

§ 801 of CC

Non-payment of premium

§ 802

Withdraw from insurance contract

Spain

Main reasons for terminating the insurance contract:

Incorrect declaration of the risk by the policyholder (Art. 10)

The insurer may cancel the contract by sending a declaration to the policyholder within a month with effect from his knowledge of the error or omission committed by the policyholder. The insurer is entitled to keep the corresponding premiums for the period up to the moment of this declaration unless he has committed fraud or negligence.

• Non-payment of the first premium or the single premium (Art. 15)

If the policyholder has not paid the first premium or the single premium on the

agreed date, the insurer may cancel the contract or enforce the payment of the premium.

• Transfer of the insured object (Art. 35)

The insurer may cancel the contract providing that he notifies the purchaser within fifteen days with effect from his knowledge of the said transfer. The insurer must cover the risk insured for the month following the date of notification and must repay that part of the premium corresponding to periods of insurance during which he did not insure the risk, following cancellation.

• Individual life insurance with a duration over six months (Art. 83.a)

The policyholder may cancel the contract within 30 days with effect from the date on which the insurer gave him the policy or a provisional cover document (this is however more an option than a cause for cancellation of the contract). In this case, the insurer no longer covers the risk and the policyholder is entitled to reimbursement of the premium for the period during which the contract was in force.

Sweden

Chapter 5, Article 2, the Insurance Contract Act (2005:104)

Where the premium is not paid timely, the Insurance Company may terminate the policy unless the delay is insignificant. The notice of termination shall be sent to the policyholder.

Chapter 7, Article 7(1), the Insurance Contract Act (2005:104)

Where an insurance Company has prematurely terminated an insurance policy in contravention of the Insurance Contract Act or to the insurance contract, a court shall, upon petition by the policyholder, declare the termination invalid.

According to Chapter 7, Article 7(2), a declaratory relief action shall be filed within six months from the time when the insurance company sent the notice of termination to the policyholder, an account of the reasons for the termination and information regarding the measures the policyholder may take in order to have the decision reviewed. The petition need not be filed before the date within which the termination would have been effective. In case a petition is not filed within this time, the right to have the decision reviewed is forfeitd.

United Kingdom

1. General

- Expiration

As stated in the section above, insurance policies (excluding life) are generally of a limited duration (one year). "The period of risk ordinarily continues to the precise time fixed in the policy for its expiration arrives. If no hour is fixed for this, it expires at the last moment of the last day of the specified period," (MacGillivray, 6-021, Isaacs v Royal Insurance Co (1870) L.R. 5 Ex 296).

Insurance contracts may be terminated earlier based on other grounds. Some of these are set out below.

2. Termination by insurer:

B₂C

Consumer Insurance (Disclosure and Representations) Act 2012

Schedule 1 sets out the insurers' remedies for qualifying misrepresentations made by a consumer.

- Deliberate or reckless misrepresentation

<u>Paragraph 2, Schedule 1</u> provides that an insurer is entitled to avoid the contract and refuse all claims in the case of deliberate or reckless misrepresentation by a consumer. (The insurer may also retain premiums, unless unfair to do so.)

- Careless misrepresentation

<u>Paragraph 5, Schedule 1</u> provides that: "If the insurer would not have entered into the consumer insurance contract on any terms, the insurer may avoid the contract and refuse all claims, but must return the premiums paid". (This applies when a consumer who made a careless misrepresentation makes a claim (paragraphs 3 to 8, Schedule 1) and for the future treatment of the contract (paragraph 9, Schedule 1).)

Schedule 1 also sets out rules for the cases where an insurer would have contracted on different terms or for a higher premium. For example, if an insurer discovers a careless misrepresentation (in relation to a non-life product), it has a choice in relation to the future treatment of the contract: it may notify the consumer that it intends to treat the contract as subsisting on different terms or it may terminate the contract. If the insurer decides to terminate, there must be reasonable notice and the repayment of the premium. The same mechanism is also in place for the assured (paragraph 9, Schedule 1). (A careless misrepresentation does not give the insurer the option to terminate a life insurance policy (paragraph 9, Schedule 1), which would continue on the existing or amended terms if agreed by the assured.)

Additional protection is granted to consumer contracts under ICOBS 8.1(3), which prohibits the insurer from "unreasonably [rejecting] a claim (including by terminating or avoiding a policy)".

B2C and B2B

- Non-payment of a premium by the assured:

In England and Wales, the insurer may terminate the contract due to a delayed payment of the premium (except for life policies), and the insurer need not set an additional payment period. However, if the insurer accepts late payment, the contract remains valid.

(Principles of European Insurance Contract Law, p. 202, N2)

This can be affected by contract terms.

- Breach of a warranty by the assured

Bank of Nova Scotia v Hellenic Mutual War Risks Association (Bermuda) Ltd ("The Good Luck") (1992) 1 AC 233 is the leading case. MacGillivray sets out the point of law as: "...subject to any express provisions in the policy, a breach of warranty discharges the insurer from liability as from the date of the breach, automatically and without the need for any election on his part. This is because a promissory warranty is in the nature of a condition precedent to the liability of the insurer," (MacGillivray, 10-091). The judgment was delivered on the basis of the MIA 1906, but is considered applicable to all types of insurance contracts.

This can be affected by contract terms.

- Breach of condition by the assured

"If the assured's breach of a condition precedent to recovery provides the insurer with a permanent defence to [a] claim, the next question will be whether the breach serves not only to relieve the insurer of liability to pay that claim but also discharges him from all liability on the policy thereafter. The answer depends on the clarity of the wording employed and the nature of the particular breach of condition," (MacGillivray, 10-093). (See also Welch v Royal Exchange Assurance [1939] 1 KB 294 at 307-308.)

- Contractual Termination Clauses

The contract may enable the insurer to terminate in some circumstances. (See further MacGillivray, 6-030.)

3. Termination by the assured:

B₂C

Consumer Insurance (Disclosure and Representations) Act 2012

If an insurer discovers a careless misrepresentation (in relation to a non-life product) then in relation to the future treatment of the contract, the assured (in addition to the insurer) has the right to terminate (paragraph 9 (7), Schedule 1). While the insurer may not terminate life insurance, it may notify the assured of its amended terms (paragraph 9(4)(a)) following the discovery of the careless representation and the assured can then decide to continue or terminate the contract.

- Contractual Termination Clauses

The contract may enable the assured to terminate in some circumstances. (See further MacGillivray, 6-030.)

Life policies may contain specific provisions which allow the assured to terminate the policy. They include:

- a possibility to surrender a policy after a certain number of years and receive a lump sum or
- a possibility for the policy to become paid-up, so that no more premiums are due, but the benefits due on death are reduced. (Birds, p.102)

Termination by the insurer and assured

- Cancellation and substitution by agreement

The assured and insurer may together cancel the policy and substitute a new contract of insurance for it (*Rowe v Kenway* (1921) 8 Lloyd's Rep. 225).