

Risks Covered Under Fire Insurance Coverage?

Fire insurance policy is basically a contract between the insurer and the buyer, where the insurer promises to pay for the loss or damages caused to the property of the insurer for a specific period of time. The policy is initially purchased for a period of one year and it can be renewed per year.

Fire insurance safeguards property against unpredictable perils where the value of assets are calculated based on their market value; keeping in mind factors like depreciation and also appreciation in case of inflation. Fire insurance coverage includes mishaps caused due to lightning, accidental fire, explosion or implosion, etc. and also man-made perils like overflowing or bursting of water tanks and pipelines, leakages from water sprinklers and so on. Premium costs, terms of coverage and varied other conditions of the policy are influenced by the [fire tariff](#).

What is covered?

Fire insurance policy covering wide range of inclusions and hence renamed as Standard Fire and Special Perils Policy covers the following risks-

Fire: The policy provides cover against any kind of damage caused due to a fire related accident; however it does not cover for destruction or damages caused to the property insured by own fermentation, natural heating, spontaneous combustion. Also damages caused to the property due to

heating and drying process cannot be treated as damage due to the fire. Additionally, burning of property insured by order of any Public Authority is excluded from the scope of cover.

Lightning: Fire or any other damage caused by lightning is covered by this policy. For example lightning can cause a fire or other sorts of damage like cracks in the building or broken roof which a fire insurance will cover.

Explosion/ Implosion: This policy covers fire damage caused due to explosion or implosion. This policy, however, does not cover destruction or damage caused to the boilers (other than domestic boilers), economizers or other vessels that produce steam and machinery or apparatus that uses centrifugal force to function. Boiler & Pressure Plant Insurance Policy will generally cover these risks.

Aircraft Damage: Both fire or any other damage to the property caused directly by aircraft or any other aerial device, also damages caused by articles dropped by Aircrafts is covered in the fire policy. However, damages due to pressure waves caused by aircraft travelling at supersonic speed are excluded from the scope of the policy.

Riot, Strike, Malicious and Terrorism Damage: Loss or damages to property due to a riot, strike or a terrorist activity (other than war, invasion, mutiny, civil commotion etc.) or by the action of any lawful authorities in suppressing such disturbance or minimizing its consequences is covered. Malicious act includes a deliberate intention and plan of one or more individuals to do something unlawful to cause loss or

damage to other's property. However, **fire insurance coverage** excludes any loss by burglary, housebreaking, theft or larceny and does not consider it as malicious act for the purpose of this cover.

Storm, Cyclone, Typhoon, Tempest, Hurricane, Tornado, Flood and Inundation:

Storm, Cyclone, Typhoon, Tempest, Tornado and Hurricane are all various types of violent natural disturbances that are accompanied by thunder or strong winds or heavy rainfall. While flood and inundation occurs when the water rises to an abnormal level. For the purpose of cover- flood or inundation are not only understood in the common sense of the terms, i.e., flood in river or lakes, but also accumulation of water due to choked drains is also considered as flood and inundation as per the insurance policy.

Impact Damage: Impact by a vehicle, an animal, or by an off track rail to the property is covered, provided the vehicle or the animal should not belong to the owner of the property or any other occupier of the premise like tenants. Moreover the impact caused by the vehicle by any of the employees while acting in the course of their employment is not covered. In this policy damages occurring to the boundary wall of insured property are also included.

Subsidence and Landslide including Rockslide: Destruction or damage caused to the insured property by subsidence of even a small part of the site on which the property stands or landslide/ rockslide are covered. But the policy does not cover normal cracking, settlement or bedding down of new

structures; settlement or movement of made up ground; coastal or river erosion. Also defective design or workmanship or use of defective materials; and demolition, construction, structural alterations or repair of any property or ground-works or excavations, are not covered.

Bursting and/ or overflowing of Water Tanks, Apparatus and Pipes: The policy covers damages caused to the insured property by water or otherwise due to overflowing of water into the tanks by accident or bursting of the water tanks, water pipes or other apparatus like facility water purifiers.

Missile testing operations: Destruction or damages to the insured property due to impact or otherwise from trajectory/ projectiles in connection with missile testing operations conducted by the insured or by anyone else including government agencies is covered.

Leakage from Automatic Sprinkler Installations: Damages caused due to water leakage or accidental discharge by automatic water sprinkler installed in the premises is covered. However the policy excludes damages caused by modification, repairs or alterations like extensions of the sprinklers installation and previously known defects in construction are not covered.

Bush Fire: Both accidental bush fire or otherwise are covered by the fire insurance policy. For instance if the insured sets fire to overgrown bushes and plants; but eventually ends up damaging the property, a claim for recovery can be filed under

this policy. However, the policy excludes destruction or damage caused to the property due to the forest fire.

Other covers

Besides the above mentioned perils a **fire insurance policy for office covers** buildings, machinery, furniture, fixtures and fittings, electrical installations, stocks, stocks in trade including work in progress etc. belonging to any industry, offices, service occupancies, households etc.

Moreover certain exclusions under the Standard Fire and Special Perils Insurance policy; which can be opted for specially; as add-on covers or extensions include-

- Earthquake Fire and Shock.
- Spontaneous combustion.
- Removal of Debris (exceeding 1% of claim amount).
- Architects, Surveyors, Consulting Engineers fees (exceeding 3% of claim amount).
- Spoilage Material Damage Cover.
- Leakage and Contamination Cover.
- Deterioration of stock in cold storage premises.
- Molten metal spillage Cover.
- Forest fire.
- Impact damage due to Insured's own Rail/Road vehicles.
- Omissions to insure additions, alterations or extensions.
- Temporary removal of stock.
- Loss of rent.
- Startup expenses.

There are various **exclusions under the policy** like– all the above extensions (if not opted for), burning of property by order of any Public Authority, property undergoing any

heating or drying process, war or war like operations, nuclear
perils and so on.