CONDTITION OF FIRE INSURANCE

* Rahul Chourey

# Abstract

This article basically deals with the topic “**Condition of the Fire Insurance”**. I have started the article with introduction meaning and general condition of the insurance, which will give the brief about the topic based on the contract act. The conjecture of this article is to describe the conditions of the fire insurance, which people usually ignore while purchasing the policy & by signing the same eventually become bound to follow the ignored terms and conditions. And article ends with the conclusion which gives the remedies and keys to deal with the insurance things.

# Introduction

Insurance is a form of contract established under contract act. It has all the ingredient of contract like proposal, acceptance etc. There are many insurance contract which are used by the general public which secure person as well as property of the individuals and one of them is Fire Insurance. Term “fire insurance” means insurance cover by the losses to the property by fire. The word fire has a different meaning in fire insurance. In fire insurance claim, the insurer must explain the fire to be actual fire or ignition and the fire should be fortuitous, the losses or damaged caused by fire heat cannot be involved in damage caused by fire, even the damage caused by the smoke of the fire are not covered under fire insurance. But the cause of the fire is not material. In claiming the fire insurance the insurer or his agent should not act in fraudulent manner. The fire should be accidental and not intentional. When the fire is lighten but later on it escapes control and causes loss to the property, that loss will be covered under the insurance. When such kinds of contract are made there are certain terms and condition which must be read carefully before entering into insurance contract.

## Background

The fire insurance was started after marine insurance. Marine insurance was only useful for the person engaged in some kind of trade. The incident in London in 1956 which destroyed 13,000 houses in 4 days also known as great fire of London, gave birth to insurance of fire. Fire insurance is a contract to indemnity to the loss suffered by the insured. This contract promises to compensate the loss caused due to fire.

Insurance is an agreement between two parties called insurer and insured. Insurer promise to indemnify the loss caused to insured in consideration for his (insured) paying of certain sum called premium.

A fire insurance may be defined as a contract in which one party purchases the insurance policy and pay regular premium in form of consideration and in return the other party promise to indemnify the losses may be suffered by the accident of fire to the property or thing which is insured in future.

The term fire must satisfy two condition:-

1. There must be fire or ignition,
2. The fire should be actual,

## General Contract

Proposal: when a party shows desire to do something to other party, this is called proposal.

Acceptance**:** When a desire shown by proposing party is accept by the opposite party, it is acceptance. After acceptance of the terms and condition of the insurance policy, it becomes binding on both the parties.

Consideration: Both the party giving proposal and accepting it must have lawful consideration for each other. Like the promise will pay insurance premium and the promisor will indemnify the damage caused by the fire.

Issue of policy: The policies are issued by only after few days of acceptance. Generally, when the risk has been accepted unconditionally or subject to the condition of payment premium, the insurer will issue a 'cover note, after receipt of premium.

## Conditions of fire Insurance

As contract has terms and condition in the same way insurance contract also contain conditions which are rules of the policy. These are the condition which outline the rights of the insurer and duties of the performed by both the parties. The condition of insurance depends types of insurance you are taking and from which company you are taking. Certain condition are similar in all the insurance contract as they are made compulsory by the legislature of the state or union by maximum number of condition in any insurance policy are different and depends on the nature of company providing insurance.

The conditions of Fire Insurance contract can be easily understood by the specimen of a fire policy. The front page of the policy lays down the agreement and schedule and the conditions are stated at the back of the policy

* Misdescription: Insurance policy works on full discloser of the condition of the property going to be insured. If there be any type of material misdescription of the property insured of any kind of building, place, or any fact which is known for estimating the risk, or any fact which the party wrongful disclose or omits to disclose known by them, in such condition the company shall not be liable to pay amount to the party insured.
* Receipt: The payment made by the party in respect of premium shall not be deemed to be the payment, unless a printed receipt of the payment was given by the company or agents authorised by the company which shall contain sign of the officer, amount paid and the next due date amount to be paid.
* Insurance With Other Company: The party taking fire insurance shall give notice in writing about the insurance already effected, and if such notice is not given, all the benefit under this policy shall be forfeited.
* Fallen building: All fire insurance under this policy on any building, or part of building, or on any property or part of property shall cease upon the fall or displacement of property or part of the property.

In such condition the burden of proving that any fall or displacement of building or property insured is caused by fire shall be upon insured.

The insurance will not cover:-

* If there is theft during or after fire accident.
* Loss or damage to property occasioned by its own fermentation, natural heating or spontaneous combustion.
* If the loss by fire is caused by order of public property.
* Loss or damage directly or indirectly caused by or arising from or in consequence of or contributed to by nuclear weapons material.
* This insurance does not cover loss or damage directly or indirectly caused by or arising from or in consequence of or contributed to by ionising radiation or contamination by radioactivity from any nuclear waste.
* Act of god: The insurance will not cover any of the damage or loss caused directly or indirectly through following namely:
* Earthquake, volcanic eruption, or other convulsions of nature.
* Typhoon, hurricane, tornado, cyclone or other atmospheric disturbance.
* War, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not), civil war.
* Mutiny, riot, military or popular rising, insurrection, rebellion, revolution, military or usurped power, martial law or state of siege, or any of the events or cause which determine the proclamation or maintenance of martial law or state of siege.

In any action, suit Or other proceeding, where the company alleges that by reason of the provisions of this condition any loss or damage is not covered by this insurance, the burden of proving that such loss or damage is covered shall be upon the insured.

* Risks Not Covered Unless Expressly Included: The insurance will not cover:

(a) Goods held in trust or on commission.

(b) Bullion or unset precious stones.

(c) Any curiosity or work of art, for an amount exceeding Rs. 250. ‘

(d) Manuscripts, plans, drawings; or designs, patterns models or moulds.

(e) Securities, obligations, or documents of any kind, stamps, coins or paper money, cheques, books of account or other business books, computer systems records.

(f) Coal, against loss or damage occasioned by its own spontaneous combustion.

(g) Explosives.

(h) Any loss or damage occasioned by or through or in consequence of explosion; but loss or damage by explosion of gas used for illuminating or domestic purposes in a building in which gas is not generated and which does not form part of any gas works, will be deemed to be loss by tire within the meaning of this policy.

(i) Any loss or damage occasioned by or through or in consequence of the burning, whether accidental or otherwise, of forests, bush, prairie, pampas or jungle, and the clearing of lands by fire.

* Cancellation of the Insurance: This insurance may be terminated at any time at the request of the insured property, in such case the company will retain the customary short period rate for the time the policy has been in force. This insurance may also at any time be terminated at the option of the company, on notice to that effect being given to the Insured, in which case the company shall be liable to repay on demand a rateable proportion of the premium for the unexpired term.
* Application for Claim: On happening of any fire accident the insured party shall give notice to the company within 15 days from the happening of that event or such time as mentioned in the condition of the insurance policy. The notice must contain the following:-
* Policy number
* Loss of property
* Date of the insurance policy
* All such proof to prove the accident was accidental and not intentional
* Also state the cause of the fire
* The amount of damage caused
* Also state about the property damaged not insured under the policy
* Also show the reason why the company is liable to pay you the compensation

No claim under the policy shall be payable unless the terms of this condition have been complied with.

* Power Owned By Company After Accident: After the accident happened, the company may:-

1. Enter and take possession of the property damaged.
2. Take possession of or require to be delivered to it any property of the insured in the building or on the premises at the time of the loss or damage.
3. Keep possession of any such property and examine, arrange and remove such property.
4. Sell the property or dispose the property

The powers conferred by this condition shall be exercisable by the company at any time until notice in writing is given by the insured that he makes no claim under the policy or, if any claim is made until such claim is finally determined or withdrawn, and the company shall not by any act done in the exercise or purported exercise of its powers hereunder, incur any liability to the insured or diminish their right to rely upon any of the conditions of this policy in answer to any claim.

* Fraudulent: If the claim in any respect is fraudulent, or if any false declaration be made or use in support thereof, or if any fraudulent means or devices are used by the insured or any one acting on his behalf to obtain any benefit under this policy or, if the loss or damage be occasioned by the wilful act, or with the connivance of the insured, or if the claim he made and rejected and an action or suit be not commenced within three months after such rejection, or (in case of an arbitration taking place in pursuance of the 18th condition of this policy) within three months after the arbitrator or arbitrators or umpire shall have made their award, all benefit under this policy shall be forfeited.
* Reinstatement: The Company at its option replace or reinstate the damaged property or any property thereof, or if company want can pay the amount of damage to the party but they are not bound to reinstate completely.

If the company so elect to reinstate or replace any property the insured shall, at his own expense, furnish the company with such plans, specifications, measurements, quantities, and such other particulars as the company may require, and no acts done or caused to be done by the company with a view to reinstatement or replacement shall be deemed an election by the company to reinstate or replace

* Contribution Clause From Party Side: If certain thinks are required by the company for the identification of the loss, or anything which is related to the claim or insurance on the expense of the company, do and concur in doing, and permit to be done, then all such acts and things as may be necessary or reasonably required by the company for the purpose of enforcing any rights and remedies.
* Arbitration:If any difference arises as to the amount of any loss or damage such difference shall independently of other questions be referred to the decision of an Arbitrator, to be appointed in writing by the parties in difference, or if they cannot agree upon a single Arbitrator, to the decision of two disinterested persons as arbitrators, of whom one shall be appointed in writing by each of the parties within two calendar months after having been required so to do in writing by the other party In case either party shall refuse or fail to appoint an arbitrator within two calendar months after receipt of notice in writing requiring an appointment, the other party shall be at liberty to appoint a sole arbitrator, and in case of disagreement between the arbitrators, the difference shall be referred to the decision of an umpire who shall have been appointed by them in writing before entering on the reference and who shall sit with the arbitrators and preside at their meetings. The death of any party shall not

revoke or affect the authority or powers of the arbitrator, arbitrators or umpire respectively; and in the event of the death of an arbitrator or umpire another shall in each case be appointed in his stead by the party or arbitrators (as the case may be) by whom the arbitrator or umpire so dying was appointed. The costs of the reference and of the award shall be in the discretion of the arbitrator, arbitrators or umpire making the award. And it is hereby expressly stipulated and declared that it shall be a condition precedent to any right of action or suit upon this policy that the award by such arbitrator, arbitrators or umpire of the amount of the loss or damage if disputed shall be first obtained.

* Time Limit For Company’s Liability 12 Month: In no case the insurer be liable for any loss or damage after the expiration of twelve months from the happening of the loss or damage unless the claim is the subject of pending action or arbitration.
* Notice: Must be written and printed. Every notice and other communication to the company required by these conditions must be written or printed.

# Conclusion

Insurance is a weapon by which party defend themselves from the loss caused to them, and the insurance company become liable to pay the amount from the premium collected from the plenteous. The insurance company pay back all the damage arising out of insured event. Hence insurance is safeguard against uncertain event.

In every contract there are certain terms and condition which is totally based on the nature of the insurance we take, and some terms and condition are common in every kind of insurance.Fire insurance is a kind of insurance which cover all the insured property damaged by the fire. There is premium amount we need to pay in instalment. The most important condition to claim the loss is that the act of must be accidental and not intentional. Whenever we take any fire insurance policy we agree on the terms and condition which I have already explained and how they drives you towards the losses so Buyers always be aware what policy you are purchasing and there each and every pros and cons.