

**Insurance Act defines fire insurance as follows:** “Fire insurance business means the business of effecting, otherwise than incidentally to some other class of business, contracts of insurance against loss by or incidental to fire or other occurrence customarily included among the risks insured against in fire insurance policies.”

**According to M.N. Mishra,** “Fire insurance is a device to compensate for the loss consequent upon destruction by fire.”

**According to I. S. Kanwal,** “A fire insurance is an agreement between the insurer and the insured, under which the insurer agrees to indemnify the loss caused by the fire.”

From the above discussion we can find the following characteristics of fire insurance:-

- ❖ Fire insurance is a contract of indemnity.
- ❖ Fire insurance is a contract of good faith.
- ❖ Fire insurance policy is usually made for one year only.
- ❖ The contract of insurance is embodied in a policy called the fire policy.

Finally, we can say that fire insurance means insurance against any loss caused by fire. It is a form of property insurance covering losses due to fire; often includes additional coverage against smoke or water damage due to a fire.



**Define fire insurance.**

**BBA (Professional): 2011**


### 3.35 Feature/elements of fire insurance contract

অগ্নি বিমা চুক্তির বৈশিষ্ট্য/উপাদানসমূহ

Fire insurance means insurance against any loss caused by fire. The features/elements of fire insurance are discussed below:

1. **Features of general contract** (সাধারণ চুক্তির বৈশিষ্ট্য): All the features of general contract are also applicable to the fire insurance contract:
  - (a) **Proposal** (প্রস্তাবনা): The proposal for fire insurance can be made either verbally or in writing.
  - (b) **Acceptance** (গ্রহণযোগ্যতা): On receipt of the proposal form, the insurer will assess the risk.
  - (c) **Commencement of risk** (ঝুঁকি প্রবর্তন): When the policy has been insured, payment of premium will not be the basis of commencement of risk.
2. **Subject matter** (বিষয়বস্তু): This insurance subject matter is property, which is prefixed.

3. **Insurable interest** (বিমা): A fire policy is valid only if the policy holder has an insurable interest in the property covered.
  4. **Utmost good faith** (পরম সদ্‌বিশ্বাস): A fire insurance is a contract of utmost good faith. The policy holder and the insurer must disclose all the material facts known to them.
  5. **Indemnity** (ক্ষতিপূরণ): It is contract of indemnity. The insurer is liable only to the extent of the actual loss suffered. If there is no loss there is no liability even if there is a fire.
  6. **Subrogation** (প্রতিস্থাপন): After a loss occurs and payment is made, the insurer is subrogated to the rights and interests of the policy holder.
  7. **Warranties** (নিশ্চয়তা): A warranty is a statement of fact or a promise made by the insured, which is part of the insurance contract and must be true if the insurer is to be liable under the contract.
  8. **Proximate cause** (অব্যবহিতকরণ): Fire policies cover losses caused proximately by fire. The term loss fire is interpreted liberally.
  9. **Premium** (প্রিমিয়াম): In fire insurance contract insured pay premium to insurer.
  10. **Payment of claim** (দাবী প্রদান): Insurer is bound to payment of claim if any loss occurs.
  11. **Period** (সময়কাল): It is a few period contracts. Generally is made for one year.
  12. **Assignment** (কর্মপত্র): The insurer is bound when notice is given to him for pay the amount of loss occurs. A stranger cannot sue on a fire policy.
- In conclusion we can say that these are the features of fire insurance contract.

 **Discuss the feature/elements of fire insurance contract.**

### 3.36 Important/role/Uses/Advantages/ Significance of fire insurance

অগ্নি বিমার গুরুত্ব/ ভূমিকা/ ব্যবহার/সুবিধাসমূহ

It is said by Lord Bork that fire is a good servant but a bad master. About the importance of fire insurance, M.N. Mishra says, "It relieves the insured from the horror of the fire losses to which he is exposed." The important or role of fire insurance are given below:

1. **Safe-guard of property** (সম্পদের নিরাপত্তা): For safe-guard of property fire insurance is important and it replacement the insurers property.
2. **Assurance security** (নিশ্চিত নিরাপত্তা): Fire insurance assurance security.
3. **Helps in distribution on risk** (ঝুঁকি বন্টনে সহায়তা): Insurance is the helps in distribution on risk. Insurer accept all loss and he reducing all risk.



4. **Helps in creating employment** (কর্মসংস্থান সৃষ্টিতে সহায়তা): Fire insurance institution develop trade and industry and helps in creating employment.
5. **Helps in industrialization** (শিল্পায়নে সহায়তা): There is many time industry is loss for destruction by fire. In that situation fire insurance helps in industrialization.
6. **Increasing inspiration investment** (বিনিয়োগে উৎসাহ বৃদ্ধি): Fire insurance increase inspiration by the investment.
7. **Creation of awareness** (সতর্কতা সৃষ্টি): For decrease any destruction by fire, insurer increase or creation awareness.
8. **Increasing productivity** (উৎপাদনশীলতা বৃদ্ধি): Fire insurance increase productivity.
9. **Achieving economic stability** (অর্থনৈতিক স্থিতিশীলতা অর্জন): Improve industry, trade-commerce, fire insurance achieving economic stability.
10. **Increasing efficiency** (দক্ষতা বৃদ্ধি): Fire insurance increase efficiency to industry, trade and commerce.

These are the important or role or uses of fire insurance.



**What are the uses of fire insurance? BBA (Professional): 2017, 2010 or, Explain the importance of fire insurance in business. BBA (Professional): 2015**

### 3.37 Classification of fire insurance policies/types

অগ্নি বিমার শ্রেণিবিভাগ

The policy is a legal document which constrains the terms and conditions of insurance contract agreed between the insurer and insured. The fire policy can be of various types which are discussed in below:-

1. **Valued policy** (মূল্যবান পলিসি): Under valued policy the value of the subject matter is determined at the time of incepting the policy. It is used for insuring pictures, works of art, jewellery rare things etc.
2. **Unvalued policy** (মূল্যহীন পলিসি): Under unvalued policy, the amount of claim is determined on the basis of the market value of the damaged property at the time of occurrence of loss.
3. **Specific policy** (সুনির্দিষ্ট পলিসি): A policy which cover the loss up to a specific amount which is less than the real value of the property.