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Fire insurance protects against financial loss resulting from damage to, or destruction of, buildings and personal property by fire, lightning, windstorm, hail, explosion, and other perils. It can cover both *direct loss*, which is the actual loss resulting from the destruction of property, and *indirect loss*, which is a related loss, such as the loss of income. For example, if a grocery store is destroyed by a fire, the market value of the building would be a direct loss, and the loss of income from sales would be an indirect loss.

All valid fire insurance policies must include coverages in a standard fire policy (SFP), which provides coverage for direct losses from fire and lightning, and include at least one of the following additional coverages:

- Personal coverage, such as for dwellings
- Commercial coverage, such as for general property and multiple locations
- Increased covered perils, such as extended coverage for perils of vandalism or malicious mischief
- Increased covered loss, such as additional living expenses, rental income, business interruption losses, and demolition expenses

Besides the SFP, fire insurers also write other types of policies. *Allied lines* are types of coverages written on a separate policy instead of being attached to the SFP. Examples of allied lines are:

- earthquake insurance
- water damage insurance
- crop hail insurance
- sprinkler leakage insurance