

Add-on Covers for Fire Policies

If Client A insured his property located in close proximity to the forest, would the insurer pay the claim if the property is damaged by a forest fire? If an explosion occurred at Tanesco's headquarters, and as a result, the power supply to Client B's supermarket in Masaki ceased, will the fire policy cover the damages to the stock held in cold storage? This article will provide some background on the add-ons to the fire cover, what are the available options and provide practical examples.

The Add Ons extend the coverage of the Standard Fire Policy

The minimum rates order in 2018 led to significant changes in the pricing of all insurance covers in the local market. In addition to changes in the pricing for the covers, there were financial implications for clients in the extensions / add-ons to standard policies.

The add-on covers for the fire policy are as follows, the client should note that the additional premium to be charged is as per a mandatory standard:

1. Architects, Surveyors and Consulting Engineers Fees
2. Removal of Debris
3. Deterioration of Stocks in Cold Storage premises due to accidental power failure consequent to damage at the premises of Power Station due to an insured peril
4. Deterioration of stocks in cold storage premises due to change in temperature arising out of loss or damage to the cold storage machinery(ies) in the Insured's premises due to operation of insured peril.
5. Forest Fire
6. Impact Damage due to Insured's own Rail/Road Vehicles, Forklifts, Cranes, Stackers and the like and articles dropped there from
7. Spontaneous Combustion
8. Omission to Insure additions, alterations or extensions

9. Spoilage Material Damage Cover
10. Leakage and Contamination Cover
11. Temporary Removal of Stocks Clause
12. Loss of Rent clause

As per the above list, please find below practical examples demonstrating a situation where an add-on cover would make the loss payable:



1. Architects, Surveyors and Consulting Engineers Fees

A portion of Client A's oil refinery was destroyed by an explosion caused by an accidental mix of dangerous chemicals. Client A hired an architect to assess the extent of the damage and costs of reconstruction.



2. Removal of Debris

Client B's house was damaged significantly by a flood. Outside the insured's property, some debris remained after the

flooding and the client had to dispose of it.



3. Deterioration of stocks in cold storage premises due to accidental power failure consequent to damage at the premises of Power Station due to an insured peril

The freezer in the supermarket for client C stopped working due to accidental power failure because of an explosion at Tanesco's head office which led to a cut in the power supply.

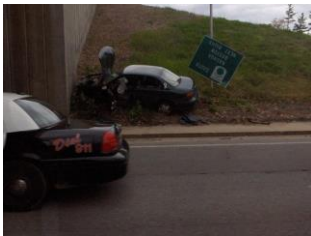
For the alternative insurable cause for deterioration of stock in cold storage premises due to change in temperature arising out of loss or damage to the cold storage machinery(ies) in the Insured's premises due to operation of insured peril the same example can be modified.

The alternative example will be that the freezer in the supermarket for Client C stopped working due to destruction of the electric supply box of the building because of a fire caused by a gas leak ignited by a cigarette lighter in the kitchen area.



4. Forest fire

Client D has a property in close proximity to a forest. Due to a fire caused by lightning in the forest that destroys the property, the client claims from the insurer.



5. Impact damage due to own vehicle

Client E was attempting to reverse during heavy rains and due to lack of visibility hit the boundary wall of his compound.



6. Spontaneous combustion

Client F stored cotton in an enclosed structure. The cotton set on fire during the day and destroyed the premises.



7. Omission to insure additions, alterations or extensions

Client G purchased a building close to his insured office for residential purposes however failed to declare this material

fact to the insurer. An earthquake destroyed both buildings.



8. Spoilage material damage

Client H's glass manufacturing plant is damaged due to flooding while in process. An inspection finds that the machinery is irreparable due to the flood.



9. Leakage and contamination

Client I uses various chemicals for producing cosmetic products. While being transported from one place to another by a forklift, the container drops and the damage leads to a leak of formaldehyde, which damages the working area.



10. Temporary removal of stocks

Client J stored some of the stock in his supermarket in a nearby warehouse while his supermarket underwent renovations. A fire caused by robbers attempting to steal from the warehouse destroyed the stock.



11. Loss of Rent

A fire caused by a cooking accident destroys Client K's house. The client had to recoup the rent paid by its tenants.

It is important to note that the add-on covers are also subject to exclusions, clauses and conditions. We advise our clients to contact their trusted broker for more information on the add-on covers and any other queries related to insurance. Please do not hesitate to visit our office or give us a call.