

Fire Insurance Critical to Commercial Entities

Article by Santam

South Africa loses millions of rands to fire each year. The past fire season saw thousands of people displaced from their homes as a result of fires in the Knysna area, while acres of vineyards were destroyed in the Western Cape in January, decimating revenues within the wine industry. The commercial and industrial sector has also taken a knock. Businesses and enterprise owners who provide jobs and manufacture commodities in the national economy affected by fire have all been hard hit – emphasising the acute need for proper prevention, protection and insurance cover against the risk of fires.



While the cause and extent of the massive blaze that engulfed a furniture warehouse in Cape Town two weeks ago is still being investigated, the stock loss and damages caused by the fire could prove costly for the business concerned.

Over the past few years, we have settled fire-related commercial and industrial claims worth hundreds of millions of rands. Such claim settlements have helped business owners and commercial entities recover their losses relating to structural damage and repairs, replacement of assets and equipment, and stock losses resulting from fire incidents. In many instances, we have also provided compensation for the loss of revenue and costs associated with the interruption of business operations in the weeks immediately following a fire incident.

“Without proper business insurance cover, very few companies are able to withstand financial losses should their offices, warehouse, storage facilities or manufacturing plant fall victim to a devastating fire, and that’s why proper fire insurance cover is essential,” says Shehnaz Somers, Head of Commercial Underwriting at Santam.

Proper fire insurance cover is essential

A fire can financially ruin a business. Flames, smoke and the water used to extinguish the fire can severely damage buildings, plant, machinery and stock. Should a business not have sufficient fire insurance cover, it may not be in a position to rebuild or replace the assets lost in a fire. In many instances, the company or manufacturing facility may be forced to shut down operations indefinitely or for a substantial period of time, which could lead to further financial difficulties down the road.

According to the Occupational Health and Safety Act (OHSA 1993), all employers have a legal and moral obligation to ensure the safety of their employees and those visiting their business premises or company facilities. Fire protection regulations, such as the requirement regarding the number of fire extinguishers, hose reels and hydrants, are defined by the National Building Regulations (NBR). Additional requirements may be for items such as spray booths or flammable liquid stores, the specific zoning requirements applied to commercial and industrial areas and the nature of the business.

“Businesses failing to comply with the NBR or the OHSA can be penalised and held liable for damages, or subjected to civil litigation or prosecution by the relevant authorities. The relevant authorities often conduct random site inspections to ensure all occupational risks and fire prevention regulations are met,” adds Somers.

As a major fire event can have far-reaching implications for commercial and industrial enterprises, business owners are urged to identify what fire prevention, early detection systems and fire-fighting capabilities are in place or run the very real risk of their business going up in smoke.

CONTACT US

Tel: 011 844 3900

Fax: 011 234 9562

Email: insurance@hamtern.co.za

www.hamtern.co.za