

Summer 2024



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Covernotes

Explaining issues that affect insurance

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Don't be naïve about green energy's safety risks



King Charles' application to create a solar farm at Sandringham¹ is reflective of more widespread efforts to reduce energy's contribution to the carbon footprint of the UK's built environment.

With a legislative target of net zero by 2050 (compared to 1990) for greenhouse gas emissions², considering how to integrate sustainable energy and heating systems into business premises has never been higher up the agenda. With many businesses also adopting Environmental, Social and Governance (ESG) strategies, the focus on green energy is intense.

However, companies embracing sustainable energy options must also factor in the associated risks, which must be included and mitigated by their risk assessments, if issues, losses and insurance claims are to be avoided.

The first step is to ensure that any green energy system is certified and listed by a product certification scheme and is only installed by competent, trained engineers with relevant industry qualifications.³ Ongoing maintenance is essential, according to the guidelines provided by the system's suppliers. Maintenance should only be carried out by competent people and also be part of a wider planned preventative maintenance programme for either the building or site.

Meanwhile, specific risks emanating from the installation of a sustainable energy or heating system should be included in both the risk assessment and fire risk assessment. The impact of losing the energy facility should also be a consideration of the Business Continuity Plan.

Staff must be fully trained in what to do should any fault or issue emerge. This training should be imparted during the induction process and reinforced during frequent refresher training.

This is because such energy systems come with different hazards to those with which most businesses are typically familiar. A bio-mass fuelled heating system, for instance, increases the business's fire load, due to the bulk fuel storage required.

As the Institute of Chemical Engineers states: "Biomass is an inherently dangerous category of substances, especially in bulk, and has significant fire and explosion hazards."⁴

Waste and biomass naturally generates its own heat, making it susceptible to spontaneous combustion, while methane often builds up around decomposing material. Since 2002, £20 billion in financial support has been granted by the UK government, to encourage the use of biomass heat and power by businesses and households, and the risk is very real for many.⁵

Risk control measures may include a Dangerous Substances and Explosive Atmosphere Regulations (DSEAR) risk assessment.⁶ Practical housekeeping will involve keeping combustible materials away from the fuel bunker or store, ensuring that hot sparks and embers cannot ignite the fuel source, and safely disposing of ash. Suitable fire suppression systems, and automatic fire and gas leak detection (and gas shut-off valves), should be considered. Burn prevention will require keeping personnel away from hot surfaces on the boiler or flue.

Where sustainable energy or heating systems like biomass anaerobic digesters, heat pumps or Combined Heat and Power (CHP) systems have an electrical control or plant room, this should be some distance from the main building or housed in a separate fire compartment.

¹ <https://energy-now.co.uk/news/king-charles-plans-for-solar-farm-at-sandringham-estate>

² <https://assets.publishing.service.gov.uk/media/6569cb331104cf00dfa7352/net-zero-government-emissions-roadmap.pdf>

³ <https://www.axaconnect.co.uk/siteassets/commercial-lines/axa-vantage/alternative-energy-guide.pdf>

⁴ <https://www.icheme.org/media/11801/hazards-26-paper-64-fire-and-explosion-hazards-in-the-biomass-industries.pdf> (page 1)

⁵ <https://www.nao.org.uk/reports/the-governments-support-for-biomass/>

⁶ <https://www.hse.gov.uk/fireandexplosion/dsear.htm>

⁷ <https://www.gov.uk/government/publications/energy-security-bill-factsheets/energy-security-bill-overarching-factsheet>

Photovoltaic panels bring a fire exposure to the roof, which should preferably be non-combustible. A big leap in solar panel fires has been attributed to poor fitting, so only use accredited professionals. Access for maintenance and cleaning personnel, as well as firefighters is essential, and an automatic fire detection and accessible isolation switch is advisable.

Heat pumps, the cost of which the Energy Security Bill said it wanted to see this lowered⁷, also come with specific risks, including the potential for flammable refrigerant to cause a fire and legionella, when correct water temperature is not maintained.

Businesses using Lithium-ion batteries have greater fire exposure due to thermal runaway risks. Consideration must be given to the location of the recharging facility and the available access to staff, along with battery handling, ongoing damage inspection and end-of-life battery disposal.

Automatic fire detection and early warning systems that alert of off-gassing may be required. Considering the speed and ferocity of Lithium-ion battery fires, well-practised employee evacuation measures and fire training in Lithium-ion battery fires are essential.

These are just some additional risks surrounding green energy and heating. Businesses must embrace, and efficiently and effectively manage them, committing spend to control and alert technology, as well as practical strategies, such as training, maintenance, tightly controlled staff access to plant and boiler rooms, and fire procedures.

With all the above green energy solutions you also need to adhere to the conditions of your insurance policy, to ensure a claim is paid following an accident. For example, if there is a large fire which was caused by a lack of maintenance or non-compliance with official regulations for the new equipment, you could have your claim refused in full and be landed with a fine.⁸

The future of the UK commercial sector's power supply has to be green, but no business should be naïve about sustainable heat and power systems' risks. Talk these through with your broker today.



⁸ <https://www.gov.uk/workplace-fire-safety-your-responsibilities/enforcement-appeals-and-penalties#:~:text=Major%20penalties%20can%20have%20unlimited,to%202%20years%20in%20prison>

Take care over BT Redcare replacement

Businesses and individuals who have relied on BT's Redcare alarm solution will be forced to change their security and fire alarm signalling system by 1 August 2025, when the BT option is completely withdrawn.

The BT Redcare system has often been recommended by insurers, as it runs on a standard BT analogue phone line, incorporating top-level Grade 4 British and European standards fire alarm signalling.

As around 100,000 customers are affected, addressing this quickly is a must.¹ Installers of replacement systems are expected to be fully booked as the deadline approaches, and physical product may even become scarce.

With the BT Redcare system also having been an insurer-approved option that met the terms of many policies, it is vital that Redcare users find a like-for-like alternative, to avoid invalidating their cover.

Having a remote monitoring capability may be a requirement of their policy wording.

However, like-for-like options are limited, and it is important for a BT Redcare customer to discuss this issue with their broker, so that an insurer view on what is acceptable can be sought. Insurers have established specific points of contact to deal with this issue, given its significance in terms of risk management.

Insurers will probably want to see installation handled by a company regulated by the National Security Inspectorate (NSI), which incorporates the National Approval Council for Security Systems (NACOSS).

Otherwise, they may want a company to be regulated by the Security Systems and Alarm Inspection Board (SSAIB).

Having a maintenance agreement for the new alarm, with an accredited and suitable supplier, will probably be a condition of cover, and the alarm must still be kept in full working order.

Some businesses will need to be particularly diligent with regard to this switchover, as other systems, such as fridge temperature alarms, sprinklers and water leak detection equipment may also have relied on the BT Redcare system's capabilities.²

As BT itself said of Redcare, it provided "Continuous protection of your property, every second of the day, 365 days a year." Finding something to replace this may not be easy, but to not do so could mean uninsured losses, if the worst occurred and no comparable system was in place at the time.

Speak to your broker as soon as possible and before signing up for any replacement system. What you believe to be a good BT Redcare alternative may not be something that meets your insurer's criteria.

¹ <https://www2.axa-insurance.co.uk/webmail/471271/895104528/34da3731923c789d068d7081e67dc9058837284197e0b1436ea98f253d788048>

² <https://www.insuranceage.co.uk/broker/7954507/brokers-told-to-act-now-over-bt-redcare-closure>

Computer insurance fills significant underinsurance gap

Having specific cover for your computer and electronic equipment may seem a luxury but, after all, you can claim for loss and damage on your property insurance policy, can't you?

The answer to that is likely to be 'no'. Following major cyber-attacks in the past seven years, insurers and insureds were often debating whether vague policy wordings actually provided cover for cyber-related losses.¹ In the past three to four years, the insurance industry has tightened up wordings, eradicating 'silent cyber' coverage. Now your property policy is likely to specifically exclude any cyber-related losses, which could run to eye-watering amounts.

Businesses not working closely with a broker may not realise this — which is serious when hacking, viruses and corruption of company data are on the rise.

32% of businesses (59% of medium-sized and 69% of large) recalled a cyber-attack in the year to April 2023.² Cyber criminals scan any device connected to the Internet at least once every 30 seconds, seeking potential weaknesses.³

Your property insurance may, however, do more than exclude cyber-crime-related computer damage. Most policies only cover hardware stolen or damaged by a fire, flood or storm, and will not provide compensation for software or data. Some of this could be fundamental to the running of your business. Cover is frequently also restricted to incidents occurring on the business premises, not outside.

With the increase in hybrid working, shared workspaces, working on the go and also from home, this is problematic. Of employed and self-employed workers, 46% have experienced lost or damaged computer equipment whilst working from home or commuting to the office.⁴

A computer insurance policy can step in here, covering losses that a property policy cannot. Take, for instance, theft by a third party who has not forced entry, or computer cables chewed by vermin or pets. Perhaps damage caused by a power failure or interruption of the power supply, or spillages and accidentally damaged laptops?



Such policies define 'computer' broadly, including items such as mobiles, PCs and laptops, removable sat navs, broadband modems, digital cameras and projection equipment, and audio-conferencing equipment and photocopiers.

Options to extend the cover also exist. You could protect yourself from increased costs, such as overtime or rental of temporary premises following an incident. You could also add cyber liability cover.

Recreating data is often more expensive than the cost of replacing a laptop or PC, so having a means to pay experts to do this can be invaluable, however the data was lost. Lost databases, stock inventories and records can all be covered, with data 'found' or rebuilt by IT gurus.

Remember that ransomware attacks are commonplace, and the National Crime Agency advises against paying ransoms to criminals.⁵ A system could still be infected and the criminals could return. Arm yourself with a good computer insurance policy, and you can enjoy restored and unencrypted data in a fast time frame.

To summarise, a specialist computer policy covers losses for which so many businesses are not insured. Don't let it be you, especially when we're here to help you cover those gaps.

¹ <https://www.irmi.com/articles/expert-commentary/end-of-silent-cyber-in-property-insurance>

² <https://www.gov.uk/government/statistics/cyber-security-breaches-survey-2023/cyber-security-breaches-survey-2023>

³ <https://newsroom.bt.com/cybercrime-more-than-500-potential-attacks-clocked-every-second/>

⁴ <https://www.munichre.com/hsbeil/en/about-us/hsb-engineering-insurance/press-and-news/press-releases/2023/Two-thirds-of-firms-havent-considered-computer-risks-HSB-research.html>

⁵ <https://www.nationalcrimeagency.gov.uk/what-we-do/crime-threats/cyber-crime>



Access vital support at the time of a major loss

When your business has its home within a commercial building, everything on the surface can seem peaceful, until an unanticipated event emerges. Statistically, the number-one unanticipated event is an escape of water (EOW).¹

An EOW can result in an expensive loss, even if its origin is a seemingly innocuous leak. Many commercial properties include significant water features from large heating systems to air conditioning units, toilet facilities, water coolers, even coffee machines.

A plumbing installation is one source of issues, when and if contractors do not carry out work proficiently and with quality materials. A toilet or kitchen leak on one floor of a multi-storey building can find its way into floors beneath. Water build-up can also accumulate in voids within bathrooms and kitchens, resulting in a large water volume release.

Other water damage in commercial buildings can emerge from blocked drains or through river, sea or totally random flash flooding.

The other major commercial property risk is fire, which can result not just in significant but total loss. There are around 2,600-2,700 commercial fires per quarter, in England alone², and the average cost of a commercial fire is £65,000.³ Fire risk is indisputably a major threat to businesses and their continuity.

With such property claims always being a possibility, some businesses secure peace of mind through a Loss Recovery insurance policy. If they then have a claim of, typically, over £5,000 in value, they have someone on their side, looking to secure the rightful insurance settlement for losses incurred, whilst minimising trading impacts.

During the pandemic, this cover was invaluable for one Lorega-insured business. When an electrical fault triggered a major fire that devastated their Norfolk superstore, things looked bleak for the local community, particularly the vulnerable and elderly customers who are reliant on the area's only store.

Despite a loss of over £3 million, a Loss Recovery insurance policy allowed the policyholder to have the immediate, on-site and dedicated support of a Chartered Loss Adjuster.

From day one, the loss adjuster's suggestions mitigated the loss, secured the future of a valuable community service and kept staff employed. With their help and intuitive advice, a fully stocked temporary structure was erected within six weeks, allowing trading to resume, reducing business interruption impacts. It also prevented a loss of custom to various pop-up shops that sprang up, trying to capitalise on the store's situation.

The loss's size saw twenty stakeholders involved in the claim, but the whole process was still managed smoothly, ensuring the insured did not need to divert attention from the reopening process.

Finally, the superstore was fully rebuilt, enjoying a successful relaunch in early 2023. As the policyholder says: "Our dedicated Chartered Loss Adjuster was a godsend and fantastic from day one. We kept our multimillion-pound business up and running, knowing the claim was in safe hands."⁴

Could you benefit from similar support, following a leak, flood, storm damage, fire or other impact? Get in touch to talk it through.

¹ <https://www.pallmallestates.co.uk/latest-commercial-property-news/the-most-common-uk-commercial-property-insurance-claims-revealed/>

² Home Office Fire and Rescue Incident statistics Year ending September 2023, fire-statistics-data-tables-fire0306-250124

³ <https://www.intelligentsecurity.org/fire-prevention/UK-fire-statistics/>

⁴ Lorega case study

Plan ahead for driving abroad

As millions of motorists contemplate Channel-hopping this year, those who have not driven abroad for a while may be wondering one thing: Have we reverted to the Green Card since Brexit?

Luckily, you still do not require a Green Card, when driving your car in the EEA, EU, Iceland, Liechtenstein, Norway, Andorra, Bosnia and Herzegovina, Serbia, and Switzerland.¹ What you do need to take is your motor insurance certificate, driving licence and vehicle log book (V5C). If it is a leased car, you will need a VE103 certificate.

What else you need may depend on whether you only have a paper driving licence or one issued in Gibraltar, Guernsey, Jersey or the Isle of Man. If so, you may also need an International Driving Permit (IDP) to drive in some EU countries and Norway.²

An IDP may also be required by anyone hiring a car in other countries. Different IDPs are required by different national governments, so check carefully which is needed.



If you are a commercial driver working for a UK-based company, you need a valid UK driving licence for the type of vehicle driven and must carry a valid Driver Certificate of Professional Competence (CPC) card and healthcare documents. Follow driver hours and tachograph rules, if driving a vehicle over 3.5 tonnes.³

The Green Card is not completely phased out and still required in Albania, Azerbaijan, Belarus, Iran, Israel, Moldova, Morocco, Russia, Tunisia, and Ukraine – plus the popular tourism destination of Turkey. Any use of a trailer in these countries also requires its own Green Card.

A Green Card must be printed, even if sent to you electronically. Contact your insurance provider at least six weeks before travelling to arrange it. Should your insurance policy renew during your trip, you will need a Green Card per policy.

Trailers must display their own registration plate, and may need a trailer registration certificate, if commercial (over 750kg) or over 3,500kg otherwise.⁴ This £26 document is not required in Spain, Malta, Liechtenstein or Cyprus.⁵

A vehicle driven abroad (other than in Ireland) must display a compliant UK identifier sticker. In some countries, this is waived, if its number plate carries the Union Jack flag, but not in Spain, Cyprus or Malta.⁶

Before travelling, read up on local driving, drink driving and speed limit rules. Do you need to keep lights switched on? Do trams or cyclists have priority? What is France's *priorité à droite*?

Many countries require you to carry reflective jackets, to be donned in any emergency breakdown. Headlight beam converter stickers, spare bulbs and tools to fit them, at least one warning triangle,

a breathalyser and snow chains may also be requirements. France will also fine any use of a radar-detecting device, and even a sat nav, showing speed camera locations.⁶

Check with your credit card company whether your card will be accepted at petrol stations and, if planning on driving in a low-emissions city, assess if advance registration is needed.

Your insurance provider should not limit the days you can use your car abroad within 'territorial limits' (specified countries). Just remember that driving on the right is confusing and worries 22% of UK drivers⁷, so take your insurer's number with you to report any accident. Calling 112, from anywhere in the EU, will access local help.

Get your planning right and you can hopefully steer clear of issues and have an amazing time.

¹ <https://www.gov.uk/driving-abroad?step-by-step-nav=51d1433e-893f-4424-8408-8427c1b6aba1>

² <https://www.gov.uk/driving-abroad/international-driving-permit>

³ <https://www.gov.uk/guidance/driver-documents-required-for-international-road-haulage>

⁴ <https://www.gov.uk/register-trailer-to-take-abroad>

⁵ <https://www.gov.uk/guidance/driving-in-the-eu>

⁶ <https://www.theaa.com/european-breakdown-cover/driving-in-europe/speed-camera-detector-france>

⁷ <https://www.driving.org/53-of-brits-who-drove-abroad-made-costly-and-dangerous-driving-mistakes-in-the-last-year-alone/#:~:text=This%20year%2C%20it%20is%20estimated,popular%20trend%20among%20younger%20people>



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