



# RM Insight<sup>®</sup>

## Property Insurance – A Broker's Guide to Reporting on Protection

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Insurance with insight

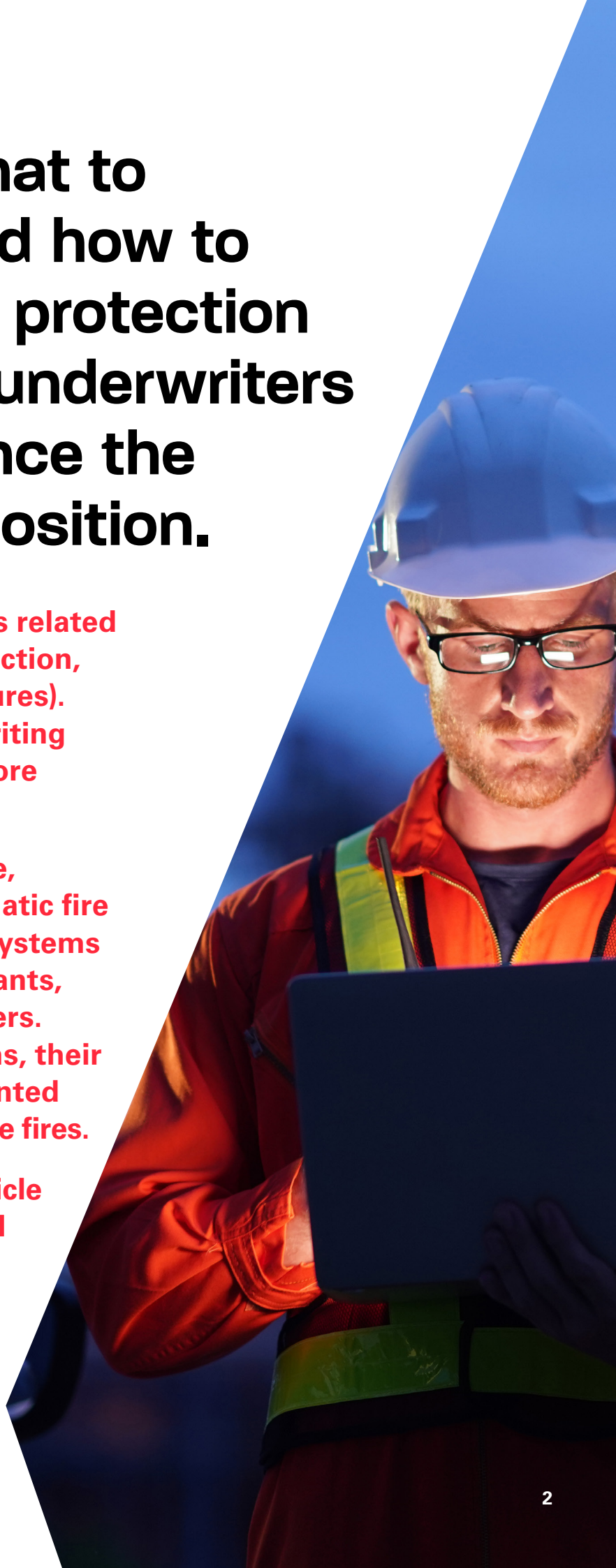


# Understand what to report upon and how to convey quality protection information to underwriters that will influence the insurance proposition.

This is one in a four part series related to reporting on COPE (construction, occupancy, protection, exposures). Historically, property underwriting has focused on COPE as the core principal of risk assessment.

For the purposes of this article, fire protection includes automatic fire sprinkler systems, detection systems (i.e. smoke and thermal), hydrants, hose reels and fire extinguishers. Together, or as individual items, their intent is to mitigate the unwanted effects of potentially destructive fires.

The table at the end of this article is representative of the general insurance industry and will assist in the design of your own tables that may include all COPE elements.





## Our message to brokers

Understand that underwriters may respond to scant information by a straight decline, or the underwriter may default to the least desirable occupancy information provided to price the risk. Thus, the more detailed information that can be provided in the insurance submission, the better the outcome will be.

Here are a few tips:

- It's important to reveal your source of information, as per examples in the table at the end of this document (e.g. as viewed, per drawings, as indicated by the insured etc.).
- Support your conclusion with documentation if available (e.g. plans, specifications, annual flow test results)
- Don't worry if you are unable to provide elaborate information. Just let us know and through your provision of photos or documentation, we will be able to qualify. If this can't be achieved, and it's important, we will seek an alternative means to qualify.
- Provide plenty of photos to support your conclusion as these will assist determination by underwriters. Don't forget to obtain the permission of the insured to take photos.
- Include a survey report by others if available and note any changes.
- If you have identified a shortfall, discuss this with the insured, seeking their implementation of a corrective action and timeline to complete. The inclusion of this initiative in your report is an indication to the underwriter that the insured is willing to embrace risk mitigation and provide solutions.
- An important note: The 'quality' of fire protection systems (e.g. appropriate for occupancy and design, maintenance etc.) may not be able to be determined without relevant documents from the installers or maintenance providers. If available, provide the copies of documentation to the underwriters along with photos. Refer to our 'RM Insight' articles on Specialist Fire Protection Systems, Sprinkler Block Plan and Sprinkler Water Supply Testing.

# Details

Reference numbers may be found in the table at the end of this document.

## 1. Automatic fire sprinklers:

Type: Most systems you will find out there will be wet-pipe (i.e. water in the pipes at all times) but in some instances there may be dry-pipe systems over special hazards for example. Refer to our 'RM Insight' article on Sprinkler systems for details. Ask the insured, review block plans, site layout, building or other plans for details and include in the submission. Same goes for the sprinkler heads. There are numerous styles and types. Seek details, or as a last resort provide lots of photographs.

Coverage: Where are the sprinklers? Should be quite easy to see when you tour the premises. Report on what you see and maybe there is a site layout plan, specifications and a block plan that you could copy or photograph and attach to the submission so that the underwriter can determine adequacy. An easier method may be to record the places that aren't provided with sprinklers.

Water supply: As above. Could be a direct supply from the street, water storage tanks on site with electric and diesel driven fire pumps.

Alarms: Ask the insured, as they have possibly experienced false alarms. They should have a local sounding alarm along with a back to base alarm that would be to a third party monitoring station that in turn would notify the public fire service.

Maintenance: Seek records and attach copies, especially the annual flow test results. The insured is likely paying for regular system inspection and testing by a professional/licensed fire protection contractor and should expect to have access to copies of maintenance and testing records. Provide the name and contact details of the contractor if this is acceptable to the insured. The underwriter, in consultation with the Vero risk engineer can obtain details direct from the contractor.

## 2. Detection systems:

Type: Lots available on the market and usually hard to tell if they are smoke, thermal or combined. Unless the insured categorically knows and can support, just identify the existence and attach photos.

Coverage: Where are the detectors? Should be quite easy to see when you tour the premises. Report on what you see and maybe there is a site layout plan, specifications that you could copy or photograph and attach to the submission so that the underwriter can determine adequacy. An easier method may be to record the places that aren't provided with detectors.

Alarms: Ask the insured, as they have possibly experienced false alarms. They should have a local sounding alarm along with a back-to-base alarm that would be to a third party monitoring station that in turn would notify the public fire service.

Maintenance: Seek records and attach copies, especially the periodic test results.





### 3. Fire hydrants:

Coverage: Where are the hydrants? Should be quite easy to see when you tour the premises. Report on what you see and maybe there is a site layout or block plan, specifications that you could copy or photograph and attach to the submission so that the underwriter can determine adequacy.

Water supply: As above. Could be a direct supply from the street, water storage tanks on site with electric and diesel driven pumps etc.

Maintenance: Seek records and attach copies, especially the periodic flow test results.

### 4. Hose reels:

Coverage: Where are the hose reels? Should be quite easy to see when you tour the premises. Report on what you see and maybe there is a site layout of block plan, specifications that you could copy or photograph and attach to the submission so that the underwriter can determine adequacy.

Water supply: As above. Most likely it is a direct supply from the street and in rare instances the supply may be drawn from water storage tanks on site with electric and diesel driven pumps etc.

Maintenance: Seek records and attach copies, especially the periodic test results.

### 5. Extinguishers:

Type: Read the labels of the fire extinguishers and report accordingly. It will tell you what type they are (e.g. CO<sub>2</sub>, water, foam etc.).

Coverage: Where are the extinguishers? Should be quite easy to see when you tour the premises. Report on what you see and maybe there is a site layout plan, specifications that you could copy or photograph and attach to the submission so that the underwriter can determine adequacy.

Maintenance: Seek records and attach copies. Report on observed condition for example dusty, used as a coat hanger or maintained in good visible condition overall.

### 6. Passive fire protection:

Fire walls and doors: In many instances, could be difficult to establish if it is a fire rated wall or door.

A 'tell-tale' sign is that there may be a metal plate on the inside door jamb indicating fire resistance ratings etc. Fire walls are not so easy. Typically no signs are provided. Report on what you see and maybe there is a site layout plan, specifications you could copy or photograph to attach to the submission so that the underwriter can determine adequacy.

Dampers: Fire and/or smoke dampers are typically within extraction ducts or in fire walls. They are difficult to identify, so talk with the insured as they may know a little more.

Intumescent paint: Just looks like normal paint upon a surface to provide some degree of fire rating. Again difficult to identify so talk with the insured as they may know a little more.

Sprayed on fire proofing: A fibrous coating typically applied to steel beams and columns to give them a fire rating. Can be quite easy to identify but talk with the insured as they may know a little more about the fire rating.

### 7. Local Fire Brigade:

Where are they located and the expected response time, full or part-time, volunteer, appliances etc. The insured may have experience with call-outs under a false alarm so they may be familiar with response times.

### 8. Fire system impairment and restoration notification:

It is important that the insured communicates to you that a fire system has been or will be impaired for a period of time. In turn, this needs to be communicated to the underwriter. Experience indicates that a proportion of impaired systems are forgotten about and remain impaired.



# Resources

LMI RiskCoach: Internet based risk management and insurance resource. Factory Mutual Global Property Loss Prevention Data Sheets.



## Example: 'Protection' table and example input for a large-scale warehouse

<b>Automatic fire sprinklers <sup>1</sup></b>	<p>Coverage: As viewed, the entire facility is provided with sprinkler protection from the ceiling and also at every level in the storage racks. Plans, specifications and photos are provided.</p> <p>Water supply: Two steel tanks viewed along with two pumps. Plans, specifications and photos are provided.</p> <p>Alarms: Insured indicated that a loud local alarm exists and from experience, is connected to a third party monitoring company who in turn notify the public fire brigade.</p> <p>Maintenance: Weekly service by contractor. Records for the past 2 months attached. Annual flow test results attached.</p>
<b>Detection systems <sup>2</sup></b>	<p>Type: Insured indicates that the detectors are combined smoke and thermal detectors and provided in offices only. Photos attached.</p> <p>Coverage: All office areas.</p> <p>Alarms: Insured indicated that a loud local alarm exists and from experience, is connected to a third party monitoring company who in turn notify the public fire brigade.</p> <p>Maintenance: Monthly service by contractor. Records for the past 2 months attached.</p>
<b>Hydrants <sup>3</sup></b>	<p>Coverage: External standpipes only surround the premises and all are accessible.</p> <p>Water supply: No details. As no tanks and pumps visible, assume public supply.</p> <p>Maintenance: Monthly service by contractor. Records for the past 2 months attached. Annual flow test results attached.</p>
<b>Hose reels <sup>4</sup></b>	<p>Coverage: Internal throughout the facility and accessible.</p> <p>Water supply: As no tanks and pumps visible, assume public supply.</p> <p>Maintenance: Monthly service by contractor. Records for the past 2 months attached.</p>
<b>Extinguishers <sup>5</sup></b>	<p>Type: As viewed, water mostly and CO2 at forklift battery charging station.</p> <p>Coverage: Internal throughout the facility and accessible.</p> <p>Maintenance: Monthly service by contractor. Records for the past 2 months attached. All appear to be in good condition.</p>
<b>Passive fire protection <sup>6</sup></b>	<p>Fire walls and doors: None observed.</p> <p>Dampers: None observed.</p> <p>Intumescent paint: Nothing observed.</p> <p>Spray fire proofing: Nothing observed.</p>
<b>Local fire brigade <sup>7</sup></b>	<p>As indicated by the insured, the public fire brigade is 2 km away. Recent false alarms have occurred and the brigade responded within 10 minutes. We drove past the fire station and observed 3 'big red trucks'.</p>
<b>Fire system impairment/restoration notification <sup>8</sup></b>	<p>For the past 5 years, the insured has provided the insurance company with formal notification of all impairments and restoration using their own form.</p> <p>Refer attached 5 records.</p>

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