

Engineering

Inspection and insurance

A legal requirement

Property and Terrorism insurance is always at the forefront of everyone's mind when thinking about their required insurance covers, while engineering inspection and insurance is often an afterthought. Thorough examinations of passenger lifts are regulatory requirements that most property managers are aware of; however, the list of items is not exhaustive and depending on the individual property may extend to include equipment such as:

- Steam Boilers e.g. Canteen Boilers
- Refrigeration Plant (Air Conditioning Systems)
- Hot Water Heating/Supply Systems
- Window Cleaning Equipment
- Safety Equipment (eyebolts)
- Disabled Access Lifts
- Service Lifts
- General Electrical/Mechanical Plant e.g. Motors, Pumps
- Electrical Installations e.g. Fixed Wiring

The most frequently asked question is when do I need to arrange inspection cover?

Under the Health and Safety at Work Act 1974, there are a number of regulations governing the safety of plant and equipment. The first of those regulations is the Provision of Use of Work Equipment Regulations 1998 (PUWER), which states that all employers have an obligation to provide employees with a safe work environment. The implication of this requirement is that all work equipment requires a risk assessment and a decision to be taken as to whether a regular examination is prudent.

A sub section of the PUWER Regulations is the Lifting Operations and Lifting Equipment Regulations (LOLER), which require that all equipment which lifts or lowers a load (including people) needs to be examined. Although more specific than the PUWER definition, the LOLER requirement is still a plant non-specific definition, ensuring that the inventory of plant requiring examination continuously requires revision and revisiting.

The Pressure System Safety Regulations (PSSR) is the third set of guidelines that govern the safe operation of pressure systems. They call for regular examination in accordance with the Written Scheme and in order to ensure compliance with these regulations there are three 'rules of thumb' that should be adhered to:

- Any vessel that holds steam under pressure
- Any vessel whose pressure multiplied by its volume is greater than 250 Bar Litres
- Any air conditioning unit more than 25kW of total installed power

All of the above require regular examination.

Please note the above are only guide notes. Should more detailed information be required please contact the inspection service provider or Clear Insurance Management Ltd.

PUWER, LOLER and PSSR may have been written primarily with the workplace in mind however, commercial property and blocks of flats fall under the remit of these regulations as they have communal areas. The engineer surveyor carries out statutory and nonstatutory examinations which for commercial properties and blocks of flats incorporates plants detailed in the above list.

Non Statutory examinations cover equipment not governed by specific UK or EU legislation (although it may be the subject of Health and Safety Executive guidance notes) for example swimming pool pumps. These examinations are best practice to ensure safe working/living environments. It is worth bearing in mind that if you decide not to arrange Non-Statutory Inspection and an incidence occurs involving a malfunction of that item of plant then you could face an HSE investigation.

After an examination is completed a report is issued detailing all the items of equipment and a record of their condition at the time of the examination. The report will identify any defects and will make recommendations relating to refurbishment and maintenance.

Engineering Insurance – what does it cover?

The most common covers available under Engineering Insurance policies are:

- Own Surrounding Property – cover applies to boilers and pressures plant and covers damage to own and surrounding property following the plant exploding due to internal pressure
- Breakdown / Explosion and Collapse – covers the items of plant for breakdown, explosion and collapse
- Sudden and Unforeseen Damage – provides cover for all risks including Accidental Damage, Operator Error, Frost Damage, Leakage, Cracking, Fracturing and Ingress of Foreign Bodies. This cover aims to dovetail with the Property cover to ensure that as many eventualities as possible are covered.

Do I really need this cover?

Unless you are fully confident that your service charge budget can cover the costs of unplanned emergency repair work, we strongly recommend that you consider this cover as an addition to the Inspection services. Claims under this head of cover are infrequent in nature but can have severe consequences when they do occur.

Having an inspection policy in place with a reputable provider can ensure that any potential defects are highlighted sufficiently early as to avert major issues. Having the associated Insurance cover in place ensures that if it does occur the cover is in place to react. If the worst did happen you might find that flat owners/tenants do not have much patience, if say the communal boiler broke down in mid-winter or the lift was out of order for an extended period of time.

Lastly, do remember that Directors of the management company could be held personally liable if equipment failure causes an injury. Hence inspection and maintenance is essential.

In addition please see below some useful links which provide full details relating to the topics above:

www.allianzengineering.co.uk

www.munichre.com/HSBEIL/knowledgecentre/index.html

About Clear

Clear is a Chartered Broker and proud to be a Top 30 Independent Insurance Broker in the UK.

Our considerable experience in the property sector gives us the capacity to design bespoke and exclusive insurance solutions for the whole property market.

“Under the Health and Safety at Work Act 1974, there are a number of regulations governing the safety of plant and equipment.”

Contact us

For further property insurance advice and guidance please contact:

www.clearinsurancemanagement.com

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