

# Making claims clear / Alarms for business premises



ACLID0843C-A



AXA Insurance UK plc Registered in England and Wales No 78950. Registered Office: 5 Old Broad Street, London EC2N 1AD. A member of the AXA Group of companies. AXA Insurance UK plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Telephone calls may be monitored and recorded.



Although the majority of us buy insurance for a clear purpose, nobody really wants to make a claim. If you do need to claim the last thing you need is to find the claims payment is reduced or worse still not paid at all. To address this AXA Insurance has highlighted common reasons for claims not being paid.

AXA is committed to paying all valid claims. If you follow this practical guidance and also that of your broker, we can get you back on your feet as soon as possible.

### **Alarms for business premises**

Alarms for business premises differ significantly in their requirements to those for homes. For business security an intruder alarm plays an important role in crime prevention deterring attempted theft or malicious damage. The alarm can also reduce the size of the loss by being able to react quickly by activating a police response to a theft in progress. Most business premises insurance policies insist that a properly designed, installed, maintained (and if needed monitored) alarm is fitted. For theft cover to be in force, all of the policy alarm conditions must have been complied with.





## How will we consider your claim?

We will always consider every claim carefully and investigate the circumstances thoroughly. Common alarm condition breaches by the policyholder resulting in no theft/attempted theft/malicious damage cover include:

- Not notifying the insurer within 7 days if police response has been reduced or withdrawn (e.g. excessive false alarm volumes).
- Not setting the alarm system when the business premises are unattended.
- Unable to set the alarm (e.g. door contacts or detection equipment removed or damaged either accidental or maliciously) and not acting on faults apparent at the time of the alarm being set and then leaving the premises unattended.
- Only part setting the alarm system (could mean that remote signalling is disabled or part of the building is unprotected).
- Not keeping security codes confidential or removing codes or keys from the premises when unattended.
- Lapse of the maintenance contract or wrong maintenance contract (e.g. no preventative maintenance).
- Changes to the 'as fitted document' such as subsequent changes to the signalling path or alarm coverage which has not been approved by AXA prior to the change.
- Not notifying changes to appointed keyholders to the police, alarm receiving centre or alarm company (for police response, two keyholders must each have their own transport, home telephone and live within an estimated maximum 20 minute travel time from the premises).

## When are you most at risk?

The effectiveness of an alarm system for a business premises will be greatly reduced if police response is downgraded or completely withdrawn. If this happens, it is imperative that you tell your broker and they tell us as quickly as possible but within 7 days and comply with any subsequent requirements.

Depending on each risk profile and the circumstances surrounding the downgrade or lack of police response this may generate a number of new policy conditions being imposed. Including but not limited to:

- Temporary improvements required.
- Withdrawal of theft or attempted theft or malicious damage cover.
- Theft cover to continue with:
  - » Requirement for manned guarding until such time as Level 1 police response is restored.
  - » Requirement for a professional key-holder response service for any intruder alarm activation.
  - » Co-insurance clause applied (e.g. minimum policyholder contribution of 20-25% of the loss).
  - » Increased theft excess applied until level 1 police response restored.
  - » Upgrade existing or install new physical security.
  - » Changes to the alarm system design, installation or monitoring to reinstate police response.
- At the other end of the spectrum it may be that no action is taken i.e. the insurer deems the risk still to be acceptable (often due to good physical and perimeter protection, remote monitored CCTV present, location of the business premises etc).

## Example

A small warehouse storing electrical equipment has a range of insurance covers in place. This includes cover for theft and as part of that policy as the owner has installed an appropriate alarm system including monitoring by an approved alarm receiving centre. Unfortunately the business had a number of false alarms over a three month period. Ultimately the police inform the business owner that they will no longer be responding to alarms from the premises due to the amount of wasted police time.

The business owner neglects to inform their insurance broker or insurance company about this material change in circumstances. Sadly one month later, the premises are targeted by thieves who get away with stock worth thousands of pounds and also cause significant damage to the premises while breaking in. In this scenario the business owner is not covered for the theft or damage as the premises were not protected as stipulated in the alarm wording.

## Did you know?

- We settle 20% of all property claims within 24 hours.
- We settle 90% of our motor total loss claims within 10 days.
- We spend more than £2m per day on claims.
- AXA CLPI settled £780m worth of claims in 2013.
- AXA CLPI settled nearly a quarter of a million claims in 2013.

## What next?

If you are unsure about any aspect of your policy and what will and won't be covered in the event of a claim, contact your insurance broker. They will be able to give you all the information and reassurance you need.



**AXA Insurance is working in partnership with BIBA on making claims clear for brokers and policyholders**

The British Insurance Broker Association (BIBA) and AXA share the same goal of making it clear why certain claim events are not covered. Together we can explain how such losses can be avoided through better risk education to help policyholders avoid damaging uninsured losses.