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INSURANCE FINANCIAL

When Systems 'Fail to Perform' - Where's My Insurance?

General Liability policies provide coverage when 'something happens' or what insurance companies refer to as an 'occurrence'. What happens then with claims resulting from something not happening? If you are in the Electrical, Fire Protective or Security industries, everything goes wrong when systems 'do nothing' instead of responding.

Isn't this something that should be covered under my Liability policy?

A fire protection installation company installed a system for a customer. A fire occurs and one of the fire extinguishing systems failed to operate. The customer sued for \$2,000,000 from the fire protection company who referred the claim to their insurance company. The Insurer declined the loss citing it was not covered under their insurance policy. With proper coverage in place, their Insurers would have paid the claim.

Many Liability policies do not provide any coverage for these situations because they specifically exclude losses or claims arising from a 'failure to perform'.

This means that **key coverage is missing**, potentially resulting in expensive settlements out of pocket for any trade or contractor that is involved in the manufacturing, supplying, installation or servicing of performance critical products such as fire alarms, alarm system, temperature controls, etc. If your insurance policy does not carry "**Failure to Perform**" coverage, it will not pay your claim.

Who Requires This?

- T Sprinkler and fire protection installers & servicers
- T Electrical contractors installing a/o maintaining alarm systems
- T Alarm central stations
- T Security guards
- T Security equipment - CCTV, intercom and access control systems

T Life and industrial safety equipment

Companies involved in consultancy, advice, testing or design may also consider or require Professional Liability insurance.



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