Protecting an empty office - 4 risks to consider

When the Covid-19 pandemic hit, many offices had to be emptied while staff worked from home, however prolonged periods of 'empty offices' come with some unintended consequences, says Philippa Wild, head of commercial underwriting at Santam. Right now, every business owner needs to be a risk manager - prevention is always better than the cure.

Source: www.pexels.com

“Offices were so hastily vacated that very little attention was given to the consideration of the usual daily or monthly risk management duties that people undertake while at the office. If and when teams return to the office, it often isn’t at full capacity, again having an impact on the type and frequency of risk management activities needed to protect staff’s wellbeing while in the office,” says Philippa Wild, head of commercial underwriting at Santam.

Here are some of the potential risk management considerations to emerge with vacant or partially occupied office spaces:

1. Threats of fire: Fires are considered the number one risk to businesses. In the current climate, one large fire could tragically be the catalyst to close a struggling business, permanently. A lapse in fire safety maintenance could increase the risk of a fire. For example, if a generator isn’t maintained, the automatic sprinkler system could fail, which means flames could spread fast.

2. Poor maintenance and adherence to policy conditions: There are so many challenges for business owners right now, including stressed staff and stretched cash flow. Unfortunately, maintenance and security costs remain and must be met. Some policies have conditions that certain equipment is regularly serviced, or alarms systems are tested, for example. If this doesn't happen, a claim may be affected, should an incident occur.

3. A changing risk environment: Not only does one need to evaluate the impact of new and emerging risks, like cyber, but one also needs to consider how your own business's risk profile has changed due to employees working from home (with company assets) and the extent to which your premises are now unoccupied. Intermediaries play a vital role in advising clients on new emerging risks like cyber and can also assist with reviewing policies to align with changing circumstances.

4. Business processes and reliance on business partners: Risk management needs to include consideration of reliance on business partners and supply chains. If their risk environment is changing, are they adequately protected, and risk managed? Business owners should have contingency plans in place which they can discuss with their intermediaries and purchase insurance where necessary.

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Ways to mitigate risk when an office is empty

Wild gives some ways to proactively manage risk:

- Adhere to Covid-19 best practice protocols.
- Maintain equipment: Ensure that regular maintenance and servicing of equipment, such as fire-fighting equipment and plant and machinery, is undertaken if due.
- Alarms need to be tested, function properly and activated when needed.
- Ensure sprinkler systems have been inspected and certificates issued.
- Obtain gas compliance certificates if due.
- Ensure electrics are in good order - these are the most common ignition source of fires. Should there be any doubt, obtain an external contractor to conduct thermographic infrared imaging of the electrics of the building.
- Ensure all the certificates of compliance are in order and safely stored should anything happen at the premises.
- Ensure your fire teams are in place and obtain firefighting training for new staff from an accredited provider.
- Ensure your insurance policies are up to date. Work with an intermediary who can advise you appropriately, especially where your risk circumstances have changed. For example, if vehicles are being driven less.

The pandemic has increased awareness around the need for business owners to review their policies more frequently and keep their intermediary abreast of any changes in circumstance. A large part of any business owner's risk management function is to disclose all pertinent changes to their intermediary. When they do this, it opens the door for the intermediary to appropriately notify the insurer and thus avoid a situation where there is a cover shortfall.

"While most businesses tend to renew and review their policies every 12 months, the pace with which things have changed in the past 12 months has made it clear that a more regular review of policies is paramount. Your intermediary is there to help assist you through the process," Wild concludes.