

DETAILS OF INTERESTING CLAIM

No: DOIC 66 (EAR)

Type of Insurance:

EAR

Description of damaged item:

Sawmill during extension works

Cause of Loss:

(5) Fire

Claim Cost

EUR 2 910 000

Description of Incident and Loss Prevention Measures initiated:

A sawmill intended, during the summer break, replacing the existing sawing line with a new line of higher capacity. The sawing line was located in an older building to a large extent built of wood. During the same period other extensions and alterations should be carried out e.g. in the adjacent building for the sorting line.

The sawmill is fully sprinklered but to dismantle the old sawing line it was necessary to remove the roof and furthermore close down and remove sections of the sprinkler installation.

As hot works were necessary for the removal of the sawing line the insurers were asked for permission to close down sections of the sprinkler installation and to perform hot works. The fire brigade was also advised of the work to be performed.

The requirement of the hot work permit was to employ a security guard on full time.

Early one morning a fire was discovered in the sawing line and the fire brigade was called. While waiting for the fire brigade, which arrived 15 minutes later, the fire developed dramatically and the fire brigade could only focus on saving the adjacent buildings, which they successfully did. The building with the old sawing line was a total loss.

Loss estimate:

Buildings: EUR 1,600,000
Machinery: EUR 600,000
Loss of Profits: EUR 600,000
Expediting expenses EUR 110,000
Total: EUR 2,910,000

The Loss of Profits could be reduced by moving production with additional shifts at other sawmills belonging to this timber company.



Conclusions:

- Any close down of sprinklers in plants with a high fire load such as a saw mill must be carried out with great care and guarding and other means of protection must be introduced to spot and fight any fire incident as early as possible. A continuous and close follow up of the compliance with the rules for hot works is furthermore absolutely necessary.
- In this case it is questioned and being investigated if the security guard fulfilled his duties and if the hot works performed by the contractor was carried out according to the rules. If any breach of duties or rules are confirmed the indemnity will be reduced. Subrogation might also be possible.

(From [Revamping and modernisation of machinery and equipment](#) Concepts for coverage including testing and commissioning, IMIA Paper WGP51 (07)E)