

## **INSURANCE:**

### **Why the public should be interested in the Compulsory Fire Insurance for Commercial Buildings**

Have we ever asked ourselves these following questions as citizens of this country? If we enter a shopping mall or mart and get hurt as a result of fire or other events, whose responsibility is it to take care of us? Whose responsibility is it when we send our children to schools especially the private institutions and they get injured or even die because of fire from the premises or any other event like collapse of building? Do we really care and think about what we would do if we go to restaurants or hotels to eat or sleep and something wrong happens to us or our property like vehicle we sent there? Who is responsible to compensate us when we get injured or a relative lose their lives through any event in these places these?

Obviously, the answer is the owner of the place should be responsible to protect you and your properties. The follow up question is, what will be our situation if the owner is not in the capacity to compensate us or replace our properties after we have suffered injury or damage to our property?

#### **Historical Perspective**

The development of certain medieval cities and towns as commercial hubs lead to the accumulation of: People, Buildings, Property and Trade. All these increased the incidence and severity of fire. All these were compounded with the arrival of the industrial era and the introduction of steam factories. Before the industrial revolution some areas such as the city of London in Britain, Hamburg in Germany, Marseilles in France, and Genoa in Italy were already regarded as commercial centres.

In London, when fires broke out at the time, tradesmen through their guilds raised money for fellow tradesmen and their families. Church congregation generally also contribute towards parishioners who fell victims of fires. The largest fire which occurred at that time is the 'great fire of London 1666'. Since no formal insurance existed at the time, this event meant a large financial loss for property owners.

Elsewhere in Europe, Fire Insurance had also taken off. In fact, as early as 1676 a company was established in Hamburg, Germany to insure fire business. This company was called HAMBURGER GENERAL FEUR CASSA (Hamburg General Fire Insurance Company).

London created what they called the fire offices. The growth of the fire offices increased competition, which coupled to the lack of technical underwriting history, resulted in huge losses for some of the offices. In 1829, Scottish fire managers met to discuss and share underwriting and claims experience. The fire office in London followed suit and in 1830's they agreed to merge the private fire brigades which became known as the London Fire Brigade in 1833.

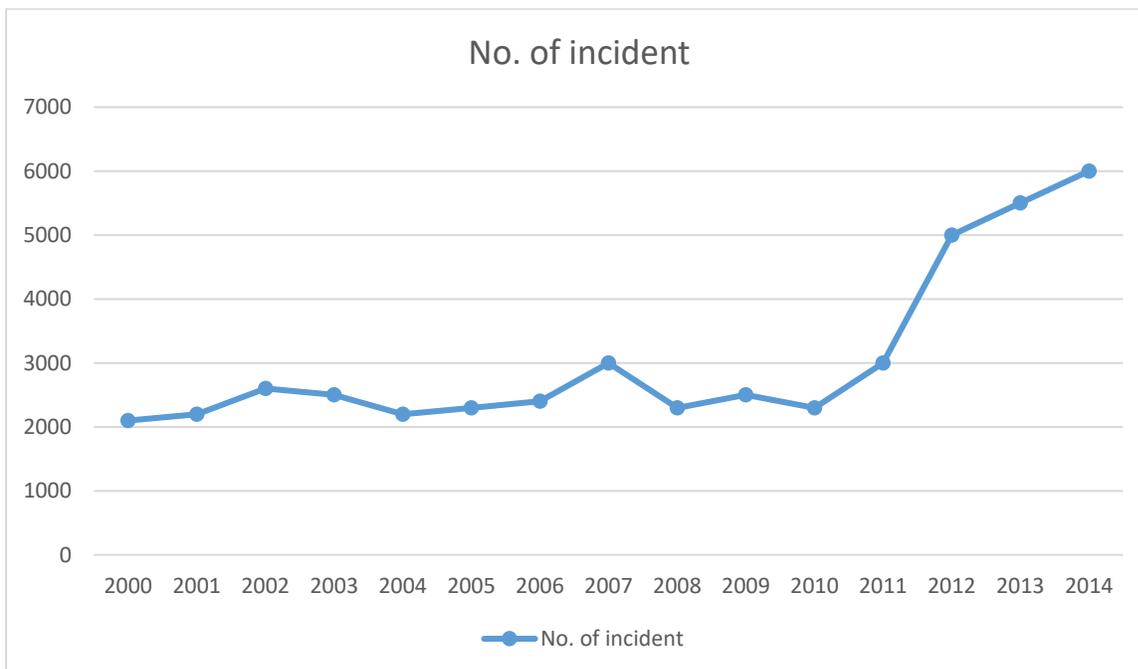
## **Ghana**

In Ghana, the situation is not different. A survey was conducted on the number of fire incidents and the causes of fire from the year 2000 to 2013 by Addai EK et al. Mr. Twum Barima who evaluated the causes of fire in the Kumasi market enumerated these causes below;

- ✓ Fluctuations in our power system
- ✓ Cooking with naked fire
- ✓ Overloading of electrical appliances
- ✓ Improper and old wiring system
- ✓ Illegal tapping of electricity from the national grid
- ✓ Use of substandard electrical materials
- ✓ Use of defective generators

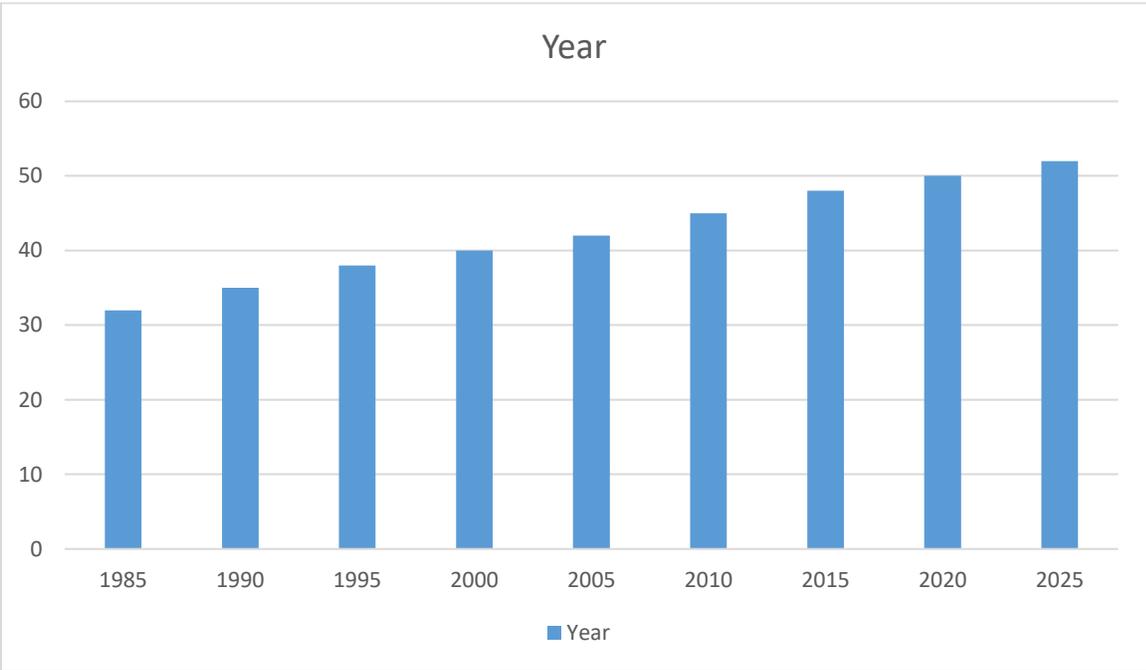
The main issue is that, all these causes enumerated above are still with us daily. This means there is possibility of fire outbreak at any point in time.

From the Saf Health work, 2016; below is the pattern of fire in Ghana:



Saf Health work, 2016

Another vital reason for the increase in the yearly number of fire incidents could be attributed to the increase in human population. Owusu – Ansah noted that, Ghana population increases by a factor of 6.7%. He also talked about urbanization as another cause of increase in fire. More people are moving to the big cities. Below is the illustration of the movement or the growth of the people in the big cities.



By: D. Owusu – Ansah, in: La Verla B(Ed)

### Compulsory Fire Insurance

Fire can be very destructive and it has caused a lot of injury, death and property damage from history. This is why the Insurance Act, 2006 (Act 724) Section 183 and 184 have made it compulsory for all owners and/occupiers of Private Commercial Buildings and even buildings under construction to obtain the Compulsory Fire Insurance Policy. The Law states:

1. Every commercial building shall be insured with an insurer against the hazards of collapse, fire, earthquake, storm and flood and an insurance policy issued for it.
2. The insurance policy shall cover the legal liabilities of an owner or occupier of the premises in respect of loss of, or damage to property, bodily injury or death suffered by any user of the premises and third parties.
3. For the purposes of this section, “commercial building” means a privately owned building to which members of the public have ingress and egress for the purpose of obtaining educational or medical service, engaging in a commercial activity for the purpose of recreation or transaction of business.

### **Users and Third parties**

As a country, we have experienced some fire incidents which have taken our family and properties away from us. We can all remember the Melcom disaster at Achimota in Accra. There was another tragedy at the Fuel filling station around circle in Accra. The recent yearly flood we are experiencing and the yearly fire in most of the market centers in the big cities have become rituals.

Private Commercial buildings or premises should have this insurance policy in place and insurance companies are supposed to issue insurance certificate to them which has to be conspicuously displayed on their premises.

I believe it has come to a time that we the citizens should be concern about what is there for our protection. I believe we should familiarize ourselves with the fire certificate and begin to check fire certificates when we want to use hotels, guest houses, fuel filling

stations, private hospitals, restaurants and most particularly, the private schools we send our children to go and learn.

The same way we are concern about motor insurance, we should have similar concern towards this commercial fire insurance. The insurance is done to protect us, as we are the users and the third parties and we are always victims.

Written by:



**Justice Peprah Agyei.**

*Chartered Insurer and an Associate of the Chartered Insurance Institute of United Kingdom and also Ghana, and holds MPhil in Enterprise Risk Management and Business Consulting from KNUST. Attained Bachelor's degree from University of Ghana, Legon and Have Advanced Diploma and Diploma in Applied Insurance from Ghana Insurance College / Malta Insurance Training Institute.*

+233 (0) 208498571

[kwameabann@gmail.com](mailto:kwameabann@gmail.com)

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Ref:

[Insurance Act 2006 Act 724](#)

<https://www.tandfonline.com/doi/abs/10.1080/01440368708530888?journalCode=flgh20>

<https://www.insurance-times.net/article/history-fire-insurance>

Addai EK, et al., Trend of Fire Outbreaks in Ghana and Ways to Prevent These Incidents, Safety and Health at Work (2016),

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