

Dear Editor,
For immediate release:

Ignore the Peril, Face the Mayhem: Allianz General talks fire insurance for commercial properties

- **60% of structural fires in 2021 caused by electrical sources**
- **Add-on business interruption coverage often overlooked**

Kuala Lumpur, 7 December 2022 – The threat of fire is always present in commercial builds and over the years the country has continued to see high-profile fire incidents, including several this year.

In raising awareness about fire safety and the importance of commercial insurance, Allianz General Insurance Company (Malaysia) Berhad (Allianz General) organised a media forum - Ignore the Peril, Face the Mayhem – together with the Fire and Rescue Department of Malaysia (BOMBA) and Universiti Malaya’s Department of Building Surveying under the Faculty of Built Environment.

Over the years, commercial insurance coverage has evolved to cover more than property damage, legal liability, and employee-related risks, with COVID-19 giving rise to the importance of add-on coverage such as business interruption benefits, business continuity cover, and protection of profit.

However, Allianz Malaysia Berhad (Allianz Malaysia) Chief Executive Officer, Sean Wang, believes that the issue surrounding commercial insurance is not the underserved coverage but the sense of invisibility and invulnerability when it comes to fire safety or safety in general.

“Fire is a huge topic in the insurance industry. As insurers we see a lot of fire claims each year and the damages are catastrophic. Besides having a sense of invisibility, some business owners put cost and probability of claim above safety and having proper risk assessment of their premises. That mindset must change. It is important to understand business risks and how to prevent, mitigate, and protect to ensure fewer disruptions and continued business operations. Failing to do so leaves them grossly underinsured and financially vulnerable,” said Sean Wang, Chief Executive Officer of Allianz Malaysia and Allianz General.

BOMBA Fire Safety Division, Senior Superintendent of Fire 1, Dr. Ts. Mohd Zaid Abd Ghani revealed fire



incidents at commercial buildings are increasing. In 2021, there were 7,447 structural fire incidents, the highest since 2018, involving 804 shops, 408 factories, 263 storage facilities, and 200 offices, with electrical fire (4,558 incidents) the top source of structural fires, followed by gas equipment (1,328 incidents), lighter (525 incidents) and glowing fire (519 incidents).

“Fire is always a threat to high-rise buildings. Over the years, there has been an increase in fire incidents involving commercial premises such as shop, shopping malls, hotels, factories, warehouses, and others which result in the destruction of property contributing to the loss value of RM 1.12 billion per year on average compared to RM 10.18 billion value save,” said Dr. Zahid.

Meanwhile, for the abatement of fire hazards in premises throughout the years 2018 to 2021, an average of 13,875 premises were inspected per year with 11,924 notices (86 percent) had been issued. The common offences are renovations in buildings where routes or exit staircases were blocked, and bad 'housekeeping' that prevented the functionality of Fire Safety Installation (FSI) and exits routes.

Allianz General: Electrical sources the cause of most commercial fires

Allianz General Chief Underwriting Officer Rafli Ridzuan said that with commercial insurance, business owners must look into the protection of buildings and fittings, machinery and equipment, stocks and other perils/risks. However, many tend to overlook aspects such as renovations and additional coverage for interruption which can cover loss of revenue and profits.

On the topic of commercial fires, Rafli also shared that dominating causes such as electrical short-circuit and resistance heating are usually caused by loose connections, electrical overloading, faulty electrical equipment and devices, and faulty, worn-out, or damaged cable insulations.

“For commercial properties, the lack of maintenance is one of the key causes of fire incidents due to old installations and equipment, improper installation, lack of regular inspection, and no supervision during operation hours. Most importantly, electrical fires are preventable, and it is all down to managing risks and having actionable solutions,” said Rafli.

“For starters, commercial business owners should get into the habit of reviewing or re-visiting possible risks when any material change takes place on their premises such as building expansion, or new storage technology to identify potential risks. Secondly, say no to shortcuts when it comes to safety standard requirements and guidelines, no matter how attractive or lucrative it may seem at that moment and lastly, have a solid, reliable risk management plan that will help with the continuity of their business in the event of a disruption.”



The Ignore the Peril, Face the Mayhem forum was supported by the Malaysian Press Institute.

For more information about Allianz Business Shield, visit allianz.com.my/allianz-business-shield. To learn more about Allianz Malaysia's commercial insurance solutions, visit allianz.com.my/corporate.

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About Allianz in Malaysia

The investment holding company, Allianz Malaysia Berhad, a subsidiary of Allianz SE, has two insurance subsidiaries - Allianz General Insurance Company (Malaysia) Berhad ("Allianz General") and Allianz Life Insurance Malaysia Berhad ("Allianz Life").

Allianz General is one of the leading general insurers in Malaysia and has a broad spectrum of services in personal lines, small to medium enterprise business and large industrial risks. The GWP for general insurance business for financial year 2021 reached a mark of RM2.43 billion.

Allianz Life offers a comprehensive range of life and health insurance and investment-linked products and for the financial year 2021, Allianz Life recorded a GWP of RM3.26 billion and is one of the fastest growing life insurers in Malaysia. Allianz Malaysia



has 32 branches nationwide.

In 2021, Allianz Malaysia won The Edge Billion Ringgit Club (BRC) Financial Services (below RM10 billion market capitalisation) award for the highest growth in profit after tax (PBT) over three years. The Company also bagged the Malaysia International Business Awards 2021 (Life Insurance category) and three awards at the Global Banking & Finance Awards: Insurance Brand of the Year Malaysia 2021; Best General Insurance Product Malaysia 2021; and Best Insurance Social Media Engagement Malaysia 2021. In 2020, Allianz Malaysia was awarded the Industry Excellence Award for financial services at the MSWG-ASEAN Corporate Governance Awards. The Company also ranked seventh amongst the Top 100 Companies for Overall Corporate Governance and Performance (by Rank) and 16th amongst the Top 100 Companies for Corporate Governance Disclosure (by Rank).

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