



Shedding light on solar insurance - educating brokers to assist clients in making informed decisions

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Over the course of the last few years, insurers within the short-term insurance space, have been bombarded with clients adding solar installations to their property. Each insurer seems to take their own approach with many options to choose from, while we, as brokers, are often left in the dark on the details.

Whilst we will never be solar experts, we can critically look at solar installations and highlight some key findings, which can assist us in the advice we give relating to the cover on offer, and its suitability to that specific client. In turn, this can better equip them with the knowledge needed to make wise, long-term decisions.

Along with help from ONE Insurance Underwriting Managers and their panel of Solar Experts, I have done a lot of investigations regarding this and there are so many aspects of solar that needs to be considered prior, during and after installation of solar systems.

Let's start off with highlighting the necessity of using fully qualified installers who hold Contractors All Risks policies during the installation of the solar systems and who can produce the necessary certificates.

It is important to note that insurers have different models of cover on offer, with sub-limits on certain extensions like power surges or theft. All insurers require that solar installations are specified and the unit owner is to select the option of cover that they choose - either limited or more comprehensive.

In discussion with clients, it would also be beneficial to highlight the costs of maintenance & batteries, ensuring that owners are aware that these costs are not covered by their policy. The policy will only extend to include the parts that are damaged and not any instances of incompatibility.

In the event that a Broker is asked to quote for the addition, the client will be presented with the options available as well as any wording of warranties that may apply.

We have listed some main factors of concern below. This list is not exhaustive and may not contain answers to every possible eventuality or claim, but it aims to better educate you in the risk, being able to inform your clients of it, and therefore ways to mitigate that.



Structural Concerns

Solar panels are a substantial addition to property, and it's crucial to evaluate whether the building's structure can handle the added weight. Engaging a structural engineer is strongly advised to assess the load-bearing capacity of the roof. While well-constructed homes with pitched roofs are generally suited for solar installations, potential risks exist, especially in cases of flat roofs.



Fire Safety

Fire safety is important when dealing with solar installations, particularly due to the risk of lithium-ion battery fires. It's important to have the correct fire extinguishers readily available. These fires fall under Class B, meaning dry chemical extinguishers can effectively put them out. The contractor who installs the solar system should be able to recommend which fire extinguishers are required and where they should be installed in relation to the property/complex.



Insurance and Certification

Insurance coverage for solar systems typically begins after the installer has handed over the system to the client.

To ensure compliance and safety, obtaining an Electrical Certificate of Compliance (CoC) and a Certificate for Fire Compliance (CFC) is a necessary step. It is equally important that the electrical compliance is verified both before and after installation. At this stage, insurers will only ask for the Electrical CoC upon installation as a requirement to insure the installation.

Building Regulations SANS 10400:

Compliance with SANS 10400 standards are mandatory, and building owners and professionals are responsible for ensuring that buildings are designed and constructed in compliance with the latest requirements and guidelines, promoting safe and sustainable building practices.

OHSA Act – Occupational Health and Safety Act 85 or 1993:

OSHA Act is to provide for the health and safety of people at work or in connection with the use of plant and machinery. It further provides for the protection in connection with the activities of people at work. This means that by law, contractors are responsible for ensuring that what they do is safe for the end user. They are responsible for knowing the risks in their area of expertise and they are responsible for safe-guarding their clients.





Contractor Insurance

The building insurance excludes any risk attached to the actual installation and the process and any damage caused. Contractors involved in solar installations must carry sufficient insurance coverage. It's essential to request proof of insurance before work commences. In the absence of contractor insurance, homeowners should encourage their contractors to contact their insurance brokers to arrange adequate coverage. This practice ensures protection for both contractors and homeowners in case of unexpected events.



Maintenance

Regular maintenance is vital for the longevity and efficiency of your solar system. Homeowners should be aware of potential roof damage, especially in the case of flat or concrete roofs, which may require more frequent attention. Routine debris clearance and water leak inspections, conducted at least every three months and particularly after heavy rainfall, are essential to prevent costly damage. Any maintenance-related costs are not covered by the Insurance policy.



Battery Lifespan

Solar batteries may wear out sooner than expected. Clients should plan for battery replacement approximately every five years. It's crucial to thoroughly understand the warranty terms, what it covers, and to ensure all documentation is properly recorded for future reference. It is very important to know that very few of these claims will be covered under the Insurance policy because they will relate to gradual deterioration/wear and tear.

It is important to note that insurers have different models of cover on offer, with sub-limits on certain extensions like power surges or theft.



Power Surge Arrestors

These must be installed on the distribution board (DB board) - both the main and the one related to the solar. This cover is often sub-limited for solar OR completely excluded. Most solar systems are set up with their own DB board and the system should include working surge arrestors.

This is not a particularly expensive exercise considering the damage that a power surge could cause if it's missing as well as the excess applicable in the event of a claim. Prevention is better than cure.



Theft

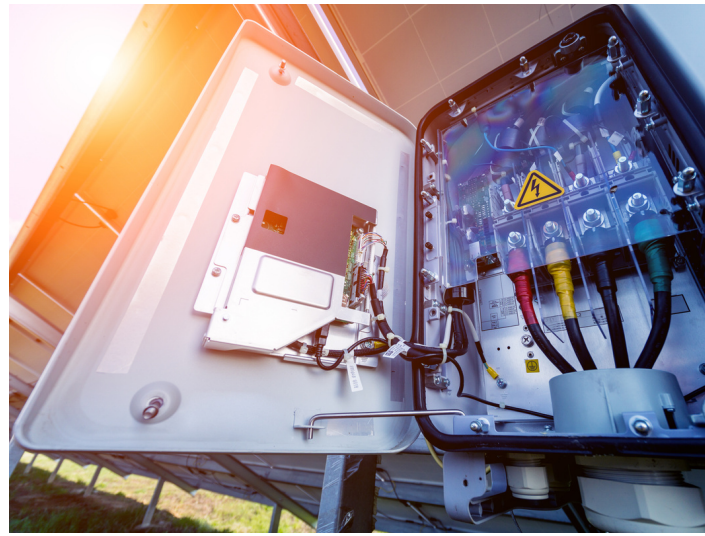
The Installation of solar systems can increase the risk of theft on the property and most insurers sub-limit this extension OR completely exclude it unless the all risks cover is selected with that insurer.



Incompatibility

The rapid evolution of solar panel technology can pose challenges

when a component becomes outdated and needs replacement. Such components may not be compatible with newer counterparts. This can lead to increased costs, as insurers typically only cover the damaged parts.



Future Changes

Considering long-term implications is vital when investing in solar energy. For instance, the potential cessation of load shedding or other changes can impact the value of your solar investment.

Clients should carefully weigh these factors before making a solar-related decision.



Solar as an Investment

Once solar panels are installed, they have relatively low operating and maintenance costs. As a result, solar power can provide a cost-effective and stable source of electricity over its lifetime, helping homeowners, businesses, and governments save on energy expenses.



Clients must educate themselves about the associated risks, benefits, and costs of solar installations to make informed decisions.

There is absolutely no doubt that solar is a win in respect of how it improves the quality of many people's lives – BUT it shouldn't be taken lightly.

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associated risks, benefits, and costs of solar installations to make informed decisions. If we can educate ourselves - with the full disclosure to our clients that this is outside of our scope of expertise - and help them weigh the above up for themselves, they will be able to make an informed decision, ultimately making claims processes a much smoother task.



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February 2024

Disclaimer: We are not certified experts on solar installations. Any questions or concerns related to the installation process should be directed to your solar installation company.

For queries regarding particular insurance policies and coverage, it's best to consult with your insurance broker or insurer directly.

Your chosen professionals will be better equipped to provide accurate and tailored guidance based on your specific circumstances.



Your insurance
Brokers

Your insurance is our business