

Case Study

Fire at multi-tenanted Commercial Business Centre

In January 2019 a major fire broke out during evening business hours at the Belgrave Commercial Centre creating an immediate impact to a bustling community shopping and leisure complex on a busy stretch of the “Golden Mile” in Leicester. The centre was occupied by several small independent retailers, comprising a restaurant, sweet shop, general store, hairdressers, saree retailer, jewellers and pharmacy, together with a supermarket and two international banks. Customers of the restaurant who were eating at the time were immediately evacuated as the fire brigade arrived with several appliances and high-rise platforms to tackle the severe blaze.

Following our instruction by the property-owning trust responsible for the upkeep and management of the centre, we attended the site to undertake our initial inspection and held joint meetings with the various parties involved including concerned tenants, loss adjusters representing various insurers, local authority officials, fire brigade and police investigators. The fire had destroyed the

supermarket premises that occupied a total of four units with seven further businesses who occupied eleven units between them also being damaged by fire and smoke contamination to varying degrees.

However, access to the site was initially limited as targeted arson was suspected and police had cordoned off the area while forensic officers undertook their investigations.

As is usual practice in any major loss situation, insurers also appointed their own forensic investigators and our team of staff organised and managed the various interviews required. Following an intensive investigation and an inspection of the CCTV footage under police guidance, it was quickly established that arson by an unknown person was the cause. At the same time, we facilitated all of the adjuster’s preliminary enquiries including the standard background underwriting checks and with the assistance of the broker, policy liability was accepted in less than three weeks of the loss occurring.



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As a result of an action plan drawn up in collaboration between all parties, it was agreed that the claim would be approached in three phases. Firstly, the demolition of the units occupied by the supermarket in the most severely damaged area of the building, secondly the repairs to the affected shop units and thirdly the reinstatement of the supermarket. This would ensure that the site was initially cleared and made safe. Undertaking the repairs to the occupied units as phase two would also give the tenants time to progress their own claims and ensure the units were cleared of foodstuffs to controlled waste disposal to avoid the onset of vermin, together with general contents, fixtures & fittings, stock etc, in order to give the contractors clear access to carry out the repairs required.

The services of a supervising surveyor and structural engineer were required and following our recommendations of companies we had worked with previously, the two building professions were appointed and worked alongside our own staff to develop an action plan. We also arranged for an asbestos survey of the areas affected by the fire, in order to identify if any areas of the building were contaminated, requiring specialist contractor's clean-up.

The engineers undertook a structural assessment of the supermarket units together with the adjacent unit, occupied by the restaurant. The surveyor was tasked with preparing a schedule of works for demolition of the site. A number of temporary measures were agreed to facilitate temporary trading of the lesser affected units and what previously was an internal wall between the supermarket and restaurant, would now become an external wall, until the supermarket was rebuilt. In his schedule the surveyor included for works required to make this wall a weatherproof and insulated external wall and these costs were agreed with the adjusters as part of the overall works.



A detailed schedule of works was drawn up, agreed with adjusters and issued to tender to four contractors and prices returned for tender analysis. As a result of numerous site progress meetings and agreement between the various parties, the most competitive contractor in terms of time and costs were appointed and the necessary work completed. The surveyor attended regular site visits and managed the work to completion. During this time, he issued valuations and payment certificates and we arranged interim payments with insurers for the value of works by the contractor, as the job progressed.

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While phase one was being undertaken, the surveyor prepared the schedule of work for the next phases as it was important to maintain the momentum, minimising any delays between the phases of work to ensure that as soon as one has started, the next would follow. Each unit required a new electrical installation as well as other services and ancillary works. Again, the schedules were drawn up, agreed with the adjusters and issued to tender and the most competitive contractor was appointed.

In June an all-party pre-start meeting was held, to which the various tenants were invited to attend. They all advised that they wanted the repairs to be completed and the units returned to them in time for the Diwali festivities in late October as this was a lucrative time of year for them all. A programme of works and target completion date was therefore proposed, and it was agreed with the contractors that the work would be finalised prior to this, with some of the lesser damaged units returned in a phased handover as soon as the work was completed.

The supermarket proprietors were keen to return to the units they previously occupied and we facilitated liaison between the landlords and their tenant regarding improvements they wanted to be incorporated into the rebuild project. The tenant advised they would like a larger retail area and more

stock storage space. It was therefore agreed with insurers that the landlord could utilise the policy provision to reinstate in a manner suitable to their requirements taking the opportunity to increase the footprint of these units and add a first floor.

These works have been incorporated into the build programme with the surveyor preparing a separate addendum to the works to incorporate these improvements without the need for a separate contract, therefore saving time and further expense. Agreement was reached for any additional costs to be identified and met by the policyholder ensuring insurers liability did not exceed the like-for-like costs of reinstatement.

While all of this was in progress our qualified staff also undertook a separate valuation exercise including detailed measurements and “value-at-risk” calculations to demonstrate the adequacy of cover. This satisfied the adjusters and insurers requirements in respect of the overall sum insured, therefore ensuring there would be no deductions for under-insurance.

At the same time, other members of our national major loss team also looked after a variety of the other tenants claims while maintaining independence and avoiding any potential conflicts of interest. This included the early settlement of the supermarket claim

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which was negotiated on a cash indemnity basis involving a detailed analysis of more than 4,000 lines of stock, cost of sales analysis and a projected business interruption claim with the knowledge of the anticipated build period. This allowed the proprietors to make alternative trading arrangements during the period of closure to protect their livelihoods and keep members of staff in gainful employment.

In addition to the substantial buildings loss and other material damage aspects, we prepared and managed our clients claims under the various ancillary policy headings in respect of loss of car park income and loss of rent for the numerous affected tenants.

During the course of the project, regular interim payments have been agreed with insurers to cover the losses incurred under all policy headings to ensure our clients were placed in funds with minimal disruption to cash-flow. At the time of writing the penultimate phases of the project are now reaching final completion and the loss of rent for the supermarket will continue until final reinstatement of the building, practical completion and handover back to the tenant.

client testimonial

“We are very satisfied with the services and expertise provided by Mr John Leivers of Thompson & Bryan Ltd in handling our insurance claim after some of our units in the commercial centre were extensively damaged by fire.

“His professionalism and diligence throughout the process, in an extremely difficult time, is very much appreciated.”

Rashmi Mehta
Trustee, Gayashima Properties Trust

“John Leivers from Thompson & Bryan was recently appointed by my client to deal with a large arson claim that occurred at one of their investment properties in January. During the course of what is a complex claim, John has dealt with matters very promptly and efficiently and his ongoing support and knowledge has been (and still is) gratefully received by both myself and the Client.”

“John has handled the insurers loss adjusters well ensuring that throughout the process a positive and fair outcome has always been reached pleasing the client. I have been very impressed with the way this claim has and still is being handled.”

Ryan Brown
Director, Towergate Insurance Brokers

