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WAREHOUSING

A BUSINESS ESSENTIAL THAT REQUIRES SMART RISK MANAGEMENT

Warehouses play a **critical role in modern business operations,** but they also present some of the highest fire and property loss exposures in commercial environments.

Large volumes of stock, packaging materials, pallets, and storage systems can allow fires to spread rapidly, resulting in significant property damage, operational disruption, and business interruption.

Common warehouse exposures

High-risk exposures typically include:

- Excessive stacking heights
- Damaged storage racking
- Battery charging and storage areas
- External storage positioned against buildings
- Poor housekeeping practices
- Hot work activities such as welding and grinding
- Combustible packaging and pallet storage
- Blocked aisles and restricted fire-fighting access

What good warehouse risk management looks like

Effective warehouse risk management is built on consistent controls and good operational discipline.

1. Pallet storage

RISKY PRACTICE **Excessive pallet storage inside the building**	BETTER PRACTICE **Pallets stored in a designated area away from the building**
• Increases combustible fire load • Can contribute to rapid fire spread • May obstruct operations, emergency exits, and fire-fighting access	• Reduces combustible loading within the warehouse • Improves housekeeping standards • Limits fire exposure to the main building

2. Racking integrity

RISKY PRACTICE **Damaged racking left in service after vehicle impact**	BETTER PRACTICE **Damaged racking identified, reported, and repaired promptly**
• Vehicle impacts can weaken structural integrity • Damage may not always be immediately visible • Increases the risk of stock loss, collapse, and injury	• Damaged sections are identified early • Maintains structural stability and load capacity • Reduces the risk of collapse and operational disruption

3. Battery charging areas

RISKY PRACTICE **Poorly managed battery charging and power system areas**	BETTER PRACTICE **Controlled charging areas with appropriate safety measures**
• Charging near combustible materials • Inadequate ventilation • Poor housekeeping around charging stations • Use of damaged batteries or non-approved chargers	• Adequate ventilation • Separation from combustible materials • Good housekeeping standards • Use of approved charging equipment only • Regular inspection and maintenance • Ensuring fire-fighting equipment remains accessible • Maintaining fire detection and alarm systems • Managing battery charging areas safely

Small improvements can make a significant difference to loss outcomes, such as:

- Maintaining high housekeeping standards
- Keeping aisles clear and unobstructed
- Managing and controlling stacking heights
- Protecting and regularly inspecting racking systems
- Ensuring fire-fighting equipment remains accessible
- Maintaining fire detection and alarm systems
- Managing battery charging areas safely
- Implementing hot work permit procedures
- Keeping external storage away from buildings where possible

Why this matters for insurance

A warehouse fire is rarely just a property loss. It can affect every part of a business.

Warehouses often contain large concentrations of stock, equipment, packaging materials, and critical assets under one roof. When a loss occurs, the impact can extend far beyond the area where the incident started.

More severe fires

Poor housekeeping, inadequate fire controls, and unsafe storage practices can allow fires to spread quickly and cause extensive damage.

Business interruption

Damage to stock, equipment, or facilities can disrupt operations for weeks or even months.

Increased financial impact

Losses often extend beyond damaged property to include lost revenue, recovery costs, and contractual obligations.

Insurance implications

Risk quality can influence policy terms, premiums, claim outcomes, and overall insurability.

Business resilience

Well-managed risks help businesses recover faster and minimise operational disruption.

The good news is that simple improvements in housekeeping, storage controls, maintenance, and fire protection can significantly reduce loss potential.

QUICK DAILY CHECK

Before the end of the day, ask yourself:

- ☐ Are aisles clear and unobstructed?
- ☐ Is any racking damaged or overdue for inspection?
- ☐ Are pallets and packaging materials accumulating unnecessarily?
- ☐ Are batteries being charged safely and in designated areas?
- ☐ Is fire-fighting equipment accessible and clearly visible?

THE BENEFITS OF GETTING THIS RIGHT

Putting the right controls in place helps you:

- Reduce the likelihood of fire and property damage
- Protect stock, equipment, and infrastructure
- Improve operational continuity
- Strengthen business resilience
- Support positive insurance outcomes
- Enhance overall site safety



Your Broker: A Partner in Risk

Warehousing risks are part of everyday business operations, but significant losses don't have to be.

Your broker plays an important role in helping you identify, assess, and manage warehousing risks before they result in incidents or claims.

The goal is not to limit your operations, but to help ensure your business remains safe, operational, insurable, and resilient.

Together with your broker, you can stay protected today and as your business continues to grow and evolve.

Santam is an authorised financial services provider (FSP 3416), a licensed non-life insurer and the controlling company for its group of companies.