



“Inadvertent Omission to Insure” clause

Due to the complex nature of some of today’s business deals, even when companies take sensible precautions and legal advice, it is sometimes difficult to prove or agree which party is liable when things go wrong.

This is why it can be invaluable to work with a specialist when putting crucial insurance policy wordings in place, who can draw on their knowledge and expertise to ensure adequate protection.



St Modwen Properties Plc, one of the UK’s leading regeneration companies with a property portfolio in excess of £1 billion, has worked closely with Oval since 2001.

In 2006, St Modwen completed a new industrial/office building at Hilton Park, Derby with a total build cost in excess of £3 million. The building was let to Royal Liver Assurance Ltd. Unfortunately the building burnt down in January 2007 and some complex legal issues arose:

- Royal Liver had insured the building with Axa Insurance Plc.
- It was quickly discovered that an overlooked lease provision stipulated that St Modwen were required to insure the building.
- Royal Liver’s loss adjuster and insurer therefore wanted to pass the claim back to St Modwen.
- As St Modwen had not directly insured the building, financing this claim was a major concern and St Modwen referred the claim to Oval.

Oval’s bespoke property owner’s policy with Royal and Sun Alliance (RSA) includes an ‘Inadvertent Omission to Insure’ indemnity. Oval immediately reported the claim to RSA under this extension.

Due to the excellent business relationship that existed between the parties, RSA agreed to provide indemnity to St Modwen. Once RSA had taken this lead Axa agreed to share the claim and bear 50% of the costs. Reinstatement of the building was completed in February 2008.

Tim Haywood, Finance Director of St Modwen, commented, “This difficult situation was handled very sensitively and diplomatically. By taking ownership of the problem Oval took a lot of the worry out of the process.

Our longstanding relationship gave them a detailed understanding of the issues and our requirements. Oval acted professionally and were diligent and intelligent both in the way in which they structured the wording of the policy in the first place, and the final solution.”

For more information about how we can help you, please contact Mike Townson on 0121 237 1785 or email mike.townson@theovalgroup.com