



Million dollar greenhouse business interruption loss caused by arcing

Loss bulletin

HSB Canada, part of Munich Re, is a technology-driven company built on a foundation of specialty insurance, engineering, and technology, all working to drive innovation in a modern world, to keep you ahead of risk.

The insured commercial greenhouse was a large operation consuming in excess of 250,000 litres of nutrient-rich water on a typical sunny day.

A switch failure caused a power interruption to the air compressor, which supplies air that activates the water/nutrient system's flow control valves. With no pressure, the valves remained closed and cut off water and nutrients to the crop.

On the day of the incident, smoke was discovered coming from the electrical / mechanical room attached to the greenhouse. Upon investigation it was found that a 6-inch section of insulation burned off near the termination point to the switch terminal, which showed signs of overheating, discolouration and melting. Although the switch was 10-years old, the cause of its failure was electrical arcing.

Resulting losses included significant damage to crops, resulting in a lost harvest, and lower yields to remaining crops.

While the switch was replaced for just \$360, Business Interruption losses totaled over \$1 million.

Loss details

Nature of Business: Greenhouse | Agriculture
Type of Equipment: Switch
Age of Equipment: 10 years
Direct Damage: \$359.11
Business Interruption: Over \$1 million