

# NEW ZEALAND **Engineering News**

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## Full steam ahead for AIE

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# es tend to imate fire risks

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It is also important to service the fire protection systems and equipment in a facility. These should always perform to the standard to which they were originally designed to. Regular testing can validate the functionality of the fire protection systems and equipment and help identify any faults or issues that may prevent them from working correctly at the time of greatest need.

One should also consider the importance of investing in staff fire safety training. A confident and competent team that is able to respond appropriately in the event of a fire is an invaluable investment and can substan-

# Make sure your insurance works for you

By Peter Bates, Baker Law

Not all insurance cover is the same – the buyer must read the policy carefully, shop around or engage a broker, and focus on policy cover, not just price.

A question to ask is what policy terms a provider can offer that is better than that of their competition. An example is building insurance with a sum insured limit but with unlimited replacement cover in the event of a fire. Can structures be rebuilt on a different site, say, after an earthquake? Consider bundling different types of insurance where discounts are available.

Parties to an insurance contract must treat each other with utmost good faith. Do not void your insurance by misleading the insurer. The insured must have an insurable interest that would be lost if the event insured against – such as a fire or theft – happens. If you restructure your trusts, partnership, and companies make sure insurance is in the correct name. If you have care of other people's property, who is liable for it and who can and should insure it? For example, a company vehicle should have commercial insurance under the correct company's name.

Policy terms generally oblige the insured not to allow loss by being reckless, or by requiring reasonable care. For example, quarterly inspections by a landlord could reduce or stop dangerous activities. The courts usually ask what a reasonable person would do under similar circumstances. Many policies are intended to insure against the insured's negligence. However, if an insured does nothing about a loss and further loss results an insurer might decline a further claim.

Review your insurance cover, not just the price. Has the policy changed? Advise the insurer about any changes at your end such as modifications to vehicles. Do you need extra cover? Are you complying with your policy requirements? For example, if you alter a warehouse, you could risk voiding insurance by breaching fire safety and build-



ing warrant of fitness, body corporate or Council requirements. The altered building might need to be revalued and re-insured. Check with the insurer about the presence of equipment, dangerous chemicals, and flammable insulation.

Costs change over time so update your building replacement estimate through a valuer or quantity surveyor – their reports also make good records for a claim. Your business should have an asset register – consider your accounting records. Keep clear records with photos in more than one place. Make sure your premiums are paid and check that your business and any contractors have public liability insurance.

For specific advice please feel welcome to contact us. Baker Law understands the business issues and questions relevant to the engineering and manufacturing industry.

**Quick Tip:** See the latest Insurance Council of the New Zealand Fair Insurance Code at [www.icnz.org.nz](http://www.icnz.org.nz) (a new 2016 Code is coming) and seek legal advice as the Insurance Law Reform Acts (1977 and 1985) prevent the insurer rejecting claims in certain circumstances.



**Peter Bates**

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