



*Latest
newsletter*

February 2010 Newsletter

Welcome to our 1st newsletter for 2010. We trust you find this edition interesting as we endeavour to include topics of insurance interest, that in many cases have an affect on your own situation. Please contact your usual broker at Roughton Nelson if you have any concerns or just simply wish to talk over the implications of any of these topics as they may affect you.

Animal Feed and Spontaneous Combustion

There have been a number of recent incidents involving spontaneous combustion of Palm Kernel Meal and Broll. Used in cattle feed, PKM, (a waste product of palm nuts), and Broll, (wheat bran), are two of a number of free-flowing grain related products that are susceptible to spontaneous combustion.

Recent incidents took place in warehouse situations; however the same problems can occur when the product is being transported if the product is destabilised.



The stability is maintained by low moisture and oil content. However when moisture levels increase, self heating will tend to occur and if the moisture content exceeds 9.5%, spontaneous combustion is most likely, with disastrous results.

If you do store or transport large quantities of these products it is important that you are aware of the risks and of course it is most important that we are advised so that the situation is can be made known to insurers.

The Fire Service and their response to Buildings with Sprinklers



The fire service have advised that in future they will be taking a more common sense approach to the way it responds to alarm calls from buildings with sprinklers. In the future the standard will be to only send two appliances to alarm situations in these buildings. In the last 5 years, of over 25,000 automatic calls to buildings with sprinklers, only 350 proved to have a fire that did any damage at all. Of those 350, 258 required fire-fighters to use a single hose to extinguish the fire and only 58 needed more than one hose.

The fire service has been sending 3,4 or more appliances to over half these buildings for years, and it is now considered that to better reflect the actual risk, only two appliances will be sent, with resources directed to other areas such as fire safety education and training.



Fire Fighting – An Interesting Case

Whilst on the subject of fire fighting, we recently came across a case relating to vicarious liability, where in 1988, a group of firemen had elected to adopt a “go slow” policy in support of industrial action. When a fire emergency was sounded, they elected to journey towards the fire so slowly that by the time they arrived the fire had consumed the premises involved. A journey which would normally have taken three and a half minutes took 17 because they moved forward slowly with intermittent stops.

Whilst the outcome was not good for the property owner, (nor ultimately for the firemen), one would trust that such actions would not occur today!



Insurance and the effect of the Economy

Some interesting statistics have come to light as a result of the recession. From the files of one major insurer:

1. Recessions increase the risks of employment claims with mediations over the last 2 years up 26%.
2. Undervaluation of fidelity insurance with a marked increase in the number of employee fraud/theft claims.
3. A reduction in commercial motor claims simply as a result of fewer vehicles on the road. This is also assisted by the fact that in a recession, fleet managers can recruit better quality drivers, and whilst it was difficult even getting applications 18 months ago, there is now a pool of experienced and well qualified drivers to choose from.
4. Arson, or particularly the cost, is on the increase. In 2008 arson costs totalled \$312,000. In the last year claims have totalled \$2,000,000.

The conclusion is that whilst the recession may be over, many businesses remain under pressure, with the burden likely to be greater for SME's than larger companies.

An updated Domestic Product from NZI

New Zealand Insurance has updated their “bottom tier” domestic house and contents cover, which offers protection at an affordable price. Whilst more “comprehensive” cover is available from NZI through their higher level “Distinction” and “Echelon” policies, the basic “Essence” policy provides a number of key benefits including up to \$15,000 for a sustainable upgrade on equipment and services, and a stress payment of \$2,000 in the event of a total loss claim.



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