

# Broadform (General) Liability Claim Examples

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## Example 1 / Insuring clause and property being worked on

A plumbing renovation company working on a residential bathroom renovation forgot to crimp a connection for the shower unit. The walls were sealed up, waterproofed and then tiled. While testing the taps and shower before finishing the job, the water leaked internally and ran down the internal wall to the first floor below, causing damage to the walls on the lower floor.

### Outcome

If the Insured had bought the new optional extension 'property being worked on', then the costs to remove the tiles, repair the crimp, waterproof and re-tile would be covered under the optional extension up to \$100,000. The resulting damage to the walls in the lower floor would be covered under the main insuring clause and the policy limit would apply to the entire event.





## **Example 2 / Product Liability outside product territory without the insurer's knowledge**

The Insured is a snack food manufacturer, that has a policy with New Zealand as its territorial limits. The snacks are sold into supermarkets and other retailers within New Zealand. An American tourist buys some of the product and gifts it to their 5 year old niece back in America.

Unfortunately the little girl has an allergic reaction and requires hospital treatment. The girl's family sues the Insured for the costs of the hospital treatment, the parent's loss in wages, and other related costs.

### **Outcome**

While there are some strong legal defences for the insured, they can still incur significant costs in defending the claim. Our policy will respond to this event as the Insured was not aware that this product was being used outside of the territorial limits, so they would be covered for the cost of their legal defence. If they were found liable the policy would also cover the compensation to the third party. The policy limit would apply to the entire event.



### **Example 3 / Service/Repair – Vehicles and Watercraft**

The Insured is a vehicle mechanic. It had adjusted the brakes on a vehicle. A short time after the vehicle was returned to the customer, its brakes failed, causing the customer to swerve on the motorway and hit a truck and several other cars.

#### **Outcome**

The vehicle mechanic is sued by its customer for damage to the customer's vehicle, including the cost of re-doing the brake work, and damage caused to other parties' property.

Under our 'Service/Repair – Vehicle and Watercraft' automatic extension, the mechanic is covered for the damage to its customer's vehicle up to \$500,000. The policy limit would apply to the entire event, including the resulting damage to the other trucks and cars. Our cover even includes the cost of the Insured's faulty workmanship.





## Example 4 / Business visits to non-territorial countries

The Insured's policy provides cover in New Zealand and Australia. They are asked to attend a business meeting in America at short notice. While in America, the Insured knocks over a valuable sculpture worth \$120,000 at a supplier's office.

### Outcome

The Insured is liable for the cost of the sculpture and would be covered under 'Business Travel to a Non-Territorial Country', up to the policy limit.






## Example 5 / Service/Repair – Machinery

The Insured maintains a plant and its associated equipment at a milk powder manufacturing factory. As part of the contract the Insured is required to refurbish a boiler. The Insured incorrectly put some of the components of the boiler back together which caused an explosion a month after the work was completed. The explosion completely destroyed the boiler, damaged stock, and the factory was out of use for a week.

### Outcome

The Insured would be covered for damage to the boiler under 'Service/Repair – Machinery' automatic extension up to \$250,000. The resulting damage to stock and loss of use of the factory would be covered under the main insuring clause, and the policy limit would apply to the entire event. Our cover even includes the cost of the Insured's faulty workmanship.



All examples are merely brief illustrations of what might happen. Each claim will be assessed on its own facts and in accordance with the policy. Limitations, exclusions and conditions may apply, so please refer to the policy documents.