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NEW ZEALAND TRANSPORT AGENCY PRINCIPAL ARRANGED INSURANCE – CLAIMS MANUAL



INTRODUCTION

The New Zealand Transport Agency's (NZTA) Principal Arranged Insurance (PAI) program is designed to protect and deliver benefits to all participants involved with crown funded road construction contracts.

The Principal Arranged Insurance policies provides the following benefits to Contractors:-

- Comprehensive insurance coverage
- Contract certainty
- Consistent insurance policy form
- Strong local and international insurers with expertise in construction risks
- Competitive terms and conditions

These factors all assist in effectively managing construction and liability risks for NZTA's infrastructure developments.

This manual provides information contractors will need in order to make a claim against NZTA's PAI General Liability and Contract Works policies.

Marsh (insurance broker to NZTA) are responsible for placing and maintaining the PAI policies.

Marsh contact details are listed below. Please contact the appropriate client executive and claims advocate as soon as you are aware of a claim or possible claim on the policy.

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SECTION ONE

COVERAGE EXPLANATION

The Principal Arranged Insurance (PAI) program contains two separate policies, summary as follows:

Contract Works Insurance

This is an annual Contract Works policy that provides cover for physical loss, destruction or damage to the contract works including while in transit, in storage, under erection, construction, installation, testing and commissioning.

Public and Products Liability Insurance

Third party legal liability cover for personal injury or property damage arising out of the contract works.

Full copies of the policy wordings are available for review and download at:

<http://nz.marsh.com/nzta-pai/>

SECTION TWO

CLAIMS PROCEDURES

General

Marsh Claims Practice is responsible for managing your claim with your insurer. Our Claims Practice will liaise with your insurer and provide guidance and advocacy where appropriate. We do not provide legal advice.

The following procedures generally apply to all claim types:

- Advise us promptly of any incident that may give rise to a claim. This will allow us to notify your insurer as soon as possible
- We will advise you of any policy conditions that should be complied with.
- We or the insurer may request that you complete a claim form and provide documentation to support your claim.
- Do not admit liability or offer to settle any claim.
- We ask that you act as a 'prudent uninsured' which means that you must take reasonable steps to reduce or limit damage and minimise your loss in a cost conscious manner. You must, in effect, act as if uninsured.
- Damaged property and other relevant evidence or information must be preserved for the insurers' consideration.
- In an emergency, such as a major fire or serious incident, a representative of Marsh should be contacted immediately. Contact details of your Marsh service team are noted in the front of this manual.
- Cooperate with any adjuster/assessor appointed by your insurer. However if you are uncomfortable with the approach or the instructions given by the adjuster/assessor please contact Marsh immediately.

Contract Works Claims

Advise Marsh promptly of any incident that might give rise to a claim. We will be able to tell you about any specific policy claims condition that may need to be complied with.

The following procedures are generally relevant to all events:

- You must take immediate steps to limit damage and minimise the loss.
- Take necessary steps to prevent further loss or damage.
- Secure the site.
- Promptly notify Marsh Ltd who will arrange for the nominated loss adjuster to be appointed. NZTA's Principal Representative to the contract should also be notified of the loss or damage.

- If loss or damage has been incurred to the contract works during transit to site then a written demand should be made against the carrier immediately upon discovery of the loss or damage.
- Arrange for photographs of the damage.
- Full details of the incident and claim must be supplied as soon as practicable.
- Damaged property and other relevant evidence or information must be preserved for the nominated loss adjuster.
- Arrange for statements from witnesses, employees and contractors.
- A signed copy of the conditions of contract will need to be supplied.
- Initiate accounting procedures to record all costs associated with the repair or restoration. Arrangements are to be made for this work to be supervised by the Principal's Representative Project Manager, their representative or the nominated loss adjuster. Daily Work Sheets are to be countersigned at the end of each day's work or as soon as possible the following day

Notes:

1. These procedures apply regardless of whether the initial loss estimate exceeds the relevant policy deductible.
2. Policy deductibles apply to the contract and/or works values in total for each occurrence.

Legal Liability Claims

Give notice to Marsh immediately of any occurrence which might give rise to a claim.

Marsh Claims Practice is responsible for managing your claim with your insurer. We liaise with your insurer providing guidance and advocacy where appropriate. We do not provide legal advice.

We ask you to observe the following:

- 1 Please ensure that you do not admit liability or offer to settle the claim. Your insurer will need to be involved in the decision regarding liability if you wish insurance cover to be available to you.
- 2 As a rule, you should not mention the existence of your insurer's involvement to any third party other than where this would be contrary to a statutory or regulatory obligation.
- 3 If you have notified a circumstance which might lead to a claim, please keep us informed of developments. This includes forwarding us copies of all relevant correspondence. You may also be asked to provide draft responses to claim matters for prior approval from the insurer.
- 4 If you are served with proceedings please advise Marsh immediately and provide a copy of the documents received.
- 5 Should it be necessary to appoint a lawyer, the insurer will do so. Please do not instruct your own lawyer without permission from the insurer. If you instruct a lawyer without agreement from the insurer it is likely they will not cover the costs under the policy.
- 6 We ask that you continue to act as a 'prudent uninsured' between your notification and resolution of indemnity. A prudent uninsured is a broad term meaning you must take reasonable steps to reduce future risk or damage in the circumstances in a cost conscious manner without admitting liability.
- 7 If you have notified a potential claim, note that insurers may not look at the issue of cover until a demand for compensation or damages is received. While you may have notified Marsh of a circumstance that you believe might give rise to a claim, insurance cover is always subject to the policy terms and conditions.

You may use the following draft letter if you are pressed to acknowledge an incident by a claimant/third party:

(Your letterhead)

Without Prejudice

Dear

We refer to your recent complaint against the company dated in respect of
.....

At present we are carrying out a detailed investigation of the circumstances and contact will
be made with you as soon as these investigations are completed.

Yours faithfully

