

Contractors' 'Big Boys' Toys!!!



TruckSure
By Trevor Toohill

Heavy machinery movers, house shifters, static and mobile crane operators, dozers, diggers, mobile plant and similar equipment are all in the realm of big boy's toys and covering their insurance risk requires specialised attention and advice.

It's not an area for the faint-hearted insurance broker as any poor advice or lack of experience could prove financially fatal for their client, not to mention costly for their professional negligence insurer.

Contractors and transporters need to ensure that they receive the very best risk management that is available to them as this specialised equipment must have specialised insurance advice. There are only a couple of insurers and a handful of brokers in New Zealand that could class themselves as specialists in this field. Take the time to quiz your broker and test their knowledge in your chosen field. It could save your business.

It is not just simple material damage, road risk, and public liability that you must be concerned about – that's the easy stuff. However complex civil works, construction, excavation, heavy movement and lifting require a whole raft of additional insurance options and extensions to standard policy wordings.

Most seriously overlooked for plant and machinery operators is cover for loss of use and consequential loss. A number of clients we see are very reliant on a principal piece of plant or specialist machine and any accident giving rise to prolonged downtime can have a crippling outcome for the business. There would be very few transport operators that do not have Loss of Use cover on their trucks, but the number of contractors with this cover on principal machines is far less.

Some other extensions to plant and liability insurance that should be considered as mandatory are: accidental overload, underground services, multi-crane lifts, on-hook liability, invalidation, weight damage..... just to name a few.

Interestingly enough, Mecon Australia recently listed a number of common causes of contractor claims and I can relate to these through our own claims management:

- Unlicensed operator
- Contamination and vibration
- Breaches of OSH regulations
- Overhead lines.
- Cluttered walkways.
- Not weighing before a crane lift
- Not 'Dialling before you dig'
- Exceeding equipment use guidelines
- Debris, soil and grease build-up (fire)
- Unsecured and unmonitored equipment (theft).

Without any doubt, operator error features in all of these incidents. As contractors and transporters you have an obligation to yourself and your insurer to limit exposure to these claims. Management, education and maintenance will go a long way to preventing these accidents.

What's in it for you? How about significant savings/improvements in premiums, policy excesses, machine

downtime, injuries, ACC premiums, court costs, machine values and staff morale. It has to be worth the effort.

In summary, look for a broker and insurer who knows a thing or two about your industry and your 'big boys' toys' and through your business, manage, educate and maintain.

The importance of selecting a good broker/insurer and having the right cover is best illustrated by a serious accident that happened in Australia. The photos have done the rounds for a couple of years but you may be interested in the story and have a look at the blog - <http://formworkblog.com/public/971>

Location: A construction site in Sydney on September 26, 2008

Brand new (nine day old) \$3,000,000 250-tonne Leibherr crane crashes through concrete floor on a Sydney Construction Site:

This very impressive mobile crane was effectively written off as a result of some pretty basic operator errors. It would appear that the concrete floor did not have enough Back Propping underneath, and that Sole Boards were not used under the outrigger pads.

That aside, an insurance claim was processed and paid in record time!

At an early stage the insurer knew that the costs would be extensive – whether the machine was repaired locally, replaced or rebuilt overseas. The insurer was able to make full payment to the owner of the crane within six weeks (something of a record for a loss of this nature and magnitude in the industry) and the crane owner then considered its options.

As the supply-time for another new crane proved to be impractical, the insurer's loss adjuster advised that a factory rebuild from the manufacturer could be a good option. The crane owner ultimately decided to follow that course and ordered an 'as-new factory reconstruction' from the German crane maker.

At the owner's request, the wrecked crane was dismantled and shipped in sections back to the same German factory that manufactured it. It was entirely rebuilt as-new, shipped back to Australia, reinsured with the same insurer, and was back on the job around 10 months later. The owner has since recommended the insurer to other crane companies in the industry. – Source: Mecon Australia

This to me illustrates a top performance by the broker, insurer and assessor. If in any doubt in respect to your coverage, terms and conditions of insurance a specialist broker at TruckSure under the management of MultiSure Limited will be happy to assist – www.trucksure.co.nz 



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