

FOMC CLUB LIABILITY INSURANCE

Is this protection you can afford to do without?

by Roy Hughes



While the officials of incorporated car clubs often believe they are protected from legal liability problems, they can still be named, sued and held personally liable to pay potentially large damage claims for a range of possible accidents and events.

The simplest of these could be if some club activity or action of a club member causes damage to motor vehicles or other property owned by a third party, such as a barbecue getting out of control and setting fire to a crop or buildings.

Club officials also have the same responsibilities as directors or officers of limited liability companies to protect the interests of their members and properly manage the financial affairs of their club for and on behalf of its members. They can be held personally liable for losses resulting from theft, fraud or failure to meet the various requirements of Government-imposed rules and regulations.

As in the Companies Act, individual club officers can be individually sued or held legally responsible for any defaults by their club and their own home/contents and motor vehicles policies do not cover this type of exposure.

Arranged in association with Barley Insurances Limited, the Incorporated Societies and Clubs Liability insurance cover provided by the FOMC and offered only to incorporated members, protects the officers and the club in the event of a range of claims for compensation or other legal actions.

The 'Combined Association Liability Insurance' programme has been specifically designed and priced for the club members of the Federation and provides more extensive benefits than standard public liability cover.

The additional benefits are:

- Fidelity Guarantee – this will indemnify clubs should an officer or director or executive member steal club funds;
- Accidental Death Benefit – this covers the death of any club officer;
- PR Costs Benefit – covers the costs associated with dealing with media coverage of an event damaging to the reputation of the club;
- Loss of Documentation – sometimes club documents and memorabilia collections can be of some value. This benefit compensates for the costs associated with any loss of documents caused by the officers of the club;
- Forest & Rural Fires Act Benefit – if a club barbecue or other event causes a fire, this provision will pay any resulting fines or costs associated with a callout to the fire service;
- Punitive & Exemplary Damages – should the club or entity be grossly negligent and a court awards damages over and above the liability claim then there is an additional cover available;
- Crisis Loss – in the event that there is a major issue due to negligence an additional \$25,000 will be provided to cover associated financial losses;

- Broadform Liability insurance covers the financial costs to a club should there be accidental damage to some other party's property.

But there are various extensions to cover a range of other potential claims against a club including Product Liability, Bailees Liability, Defective Design Liability, Forest & Rural Fires Act, Landlord's Liability, Motor Repair and Storage Liability, Product Withdrawal Costs, Pollution Liability, Tenant's Liability, Welding Gas Cutting & Burning Off Liability.

The details of some of those other extensions are:

- a) Motor repair and service liability – if a club member does work on another club member's vehicle and, as a result of that repair, there is damage to that person's vehicle and subsequent damage to other people's property then the policy will pay compensation for that damage;
- b) Product Liability – this will cover clubs for damage to third party property linked to any products they sell. Thus if you are selling motor vehicle spare parts, it is most important when organising Public Liability insurance that there is a declaration to the effect that you are selling spare parts for motor vehicles. Otherwise the insurer could have the right to decline liability on the basis that you did not disclose the fact that you are selling spare parts.

It should be noted that the FOMC liability policy covers a club's activities and events, and the actions of its members whilst performing their duties at club events should they cause physical loss to another person's property. This does not diminish the necessity for club members to insure their own vehicles comprehensively.

The annual cost per club is \$330 + GST and the standard limits can be extended to fulfil specific club needs (i.e. \$2 million Public Liability to reflect tenancy or contractual requirements) for a nominal additional premium.

If you want your club to be covered by this insurance, it must be a member of the Federation of Motoring Clubs and an incorporated society. To find out more contact Barley Insurances, or fill out a proposal form from the FOMC website and send to Barley Insurances along with copies of your latest financial statements as provided to the Registrar of Incorporated Societies. As with all liability-type policies an annual declaration will be expected on the anniversary of the policy. If you have any questions or wish to consult with Barley Insurances about your requirements, the consultation is free to members of the Federation of Motoring Clubs.

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