



Professional Indemnity Protection for NZPI Members

Planning is about sustainable development - about making positive changes that stand the test of time. However, risk is inherent in both change itself and the planning profession.

For example:

- Unclear briefings
- Poor input from other professionals
- Unrealistic client expectations
- Changing regulations

All of the above can result in project problems and allegations of professional negligence from an unhappy client, who then seeks financial compensation.

To ensure you have the legal and financial backing to defend and/or settle such a claim, the NZPI has asked leading insurance broker, Aon, to secure the most comprehensive and competitive Professional Indemnity cover available.

PROFESSIONAL INDEMNITY INSURANCE

Fighting to save your reputation and your livelihood through the courts can be financially crippling.

The NZPI strongly recommends that all working members hold adequate Professional Indemnity insurance to pay for legal defence costs, plus any settlements or awards of damages that might be held against you in court.

The NZPI integrated liability insurance programme offers members a choice of Limits for their 'PI' protection, plus the ability to integrate a choice of valuable additional protections.

PI cover automatically includes cover for representation at registration board proceedings, breach of contract and fraud/dishonesty of employees.

For further information and a no-obligation quote, please contact:

Antje Jewell at Aon on 09 362 9251 or antje.broda@aon.com



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PROFESSIONAL INDEMNITY CASE STUDIES:

Where did they go wrong?

Some true examples where professional indemnity insurance could have saved a lot of money and time.

UPGRADE PROVISION

A planning consultancy was asked by their client, a telecommunications company, to enter a submission in relation to a District Plan. The client requested that the submission made provision for likely service upgrades. The early drafts, of which the client had sight, did this.

However, the original consultant left, files were picked up by a colleague and somewhere in subsequent drafts the importance of this point was lost. The final submission was made, and approved, without provision for development necessary to support the upgrades.

As a consequence, the telecommunications company had to delay service improvements and lost some key commercial clients to a competitor. They sued the planning consultancy for lost revenue and the cost of re-submitting plans. The claim totaled \$179,000.

FLOODING CAUSED BY EARTHWORKS

A planning consultant advised a council to approve resource consent for earthworks activity that was to include the piping of a natural watercourse. In making the decision, the consultant relied upon geological information provided to him by a local surveying company.

After completion of the works, there followed a period of wet weather and a shop adjacent to the site suffered from flooding on three occasions. The shop-owner alleged that the flooding was due to the work that had taken place and that resource consent should never have been given.

The planning consultant believed that, in view of the information laid before him, he had not made a poor decision and the fault lay with the misinformation provided by the surveyors.

The planning consultants Professional Indemnity insurer supported his position and worked with him to build a strong defence case which involved the calling of many expert witnesses. The defence was successful and no damages were awarded against his consultant. However, his legal defence bill mounted to \$28,500. With the exception of a small 'excess', this was paid in full by his insurance company.

MAXIMUM HEIGHT ERROR

A developer planned to build six houses on a new river-side development. He intended to feature an open fireplace in each but was informed by his planning consultant that this would not be possible because, to ensure he necessary 'draw', the height of the chimneys would need to exceed maximum height restrictions.

Reluctantly, the developer put in gas substitutes, which proved to be an unpopular decision with his prospective purchasers.

The developer subsequently discovered that chimneys were exempt from maximum height restrictions. As four out of the six houses in the development had not yet been bought, the developer ripped out the gas fires, put in the open fireplaces as originally intended and rebuilt the chimneys to the necessary height.

FORBIDDEN ROAD USE

A town planner had a contract with a City Council to process resource consent applications. One applicant a property group had allegedly previously received verbal assurances from the Council regarding use of a road adjacent to a site they proposed buying. Relying upon such assurances, they went ahead and purchased the land.

The contract planner, however, established that the information they had earlier received from the Council was incorrect and they could not, in fact, use the road. This jeopardised the group's development plan as a number of commercial tenants subsequently pulled out.

The group instigated legal proceedings against the Council for misrepresentation and inferred that the planner might also be drawn into the proceedings.

A claim against the contract planner never eventuated thanks to the swift legal counsel paid for by this PI policy.

Additional covers available to NZPI members

INTERNET LIABILITY

Electronic communication through email and the internet has opened new risk areas and your Professional Indemnity policy can be extended to include Internet Liability cover.

This covers transmission of virus, breach of intellectual property, copyright, privacy and defamation in relation to your website and any electronic communication in your professional capacity.

GENERAL LIABILITY

You owe a duty of care to clients and the public at large. Whether in the office, in the field or on-site, if you, your staff or your products cause damage to somebody else's property or business, you will be held liable.

General Liability Insurance can pay your legal defence costs plus any agreed settlements or damages awarded against you in court - including exemplary damages for personal injuries.

STATUTORY LIABILITY

Statutory Liability pays for legal defence costs and all legally allowable fines that might be charged against you for breach of most New Zealand Acts of Parliament.

Common breaches for planners relate to the Resource Management Act which carries a maximum penalty of 2 years imprisonment, a \$200,000 fine, plus \$10,000 per day for continuing offences.

EMPLOYER LIABILITY

Prosecution against civil suits brought by employees whose injuries are not covered by ACC (e.g. exemplary damages and mental injury without physical harm, such as shock, fright, stress or mental anguish).

About Aon New Zealand

Aon is New Zealand's largest broker. With 760 staff servicing over 200,000 clients, Aon is a major force in New Zealand for risk management, insurance broking, employee-benefits and claims management.

Our leadership position enables us to provide unrivalled services direct to businesses, individuals and professional organisations such as the NZPI.

Clients can be secure in the knowledge that Aon only works with insurers who have strong financial security, superior claims paying abilities and profitable track records.

We are pleased to be able to support NZPI members in partnership with Lumley, a business division of IAG New Zealand Ltd, New Zealand's leading business Insurer.

For further information and to secure a no-obligation quotation, please contact Aon New Zealand on 09 362 9061.



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