



A VL real life claim example

Statutory Liability

Fair Trading Act

The Insured, an insurance company, engaged a marketing company to deliver a scheme whereby prizes were offered in relation to the sale of units. The prize scheme had a draw date. However, as the prizes were not in place, the draw did not occur as scheduled.

The Insured who had been unaware that prizes had not been given out as promised, rectified the matter promptly. Nevertheless, the Commerce Commission prosecuted the Insured for violating the Fair Trading Act 1986.

VL appointed a lawyer who mounted a successful defence citing abstruse provisions of the Act. The High Court found that the Insured's lack of care in supervising its agent to fulfil the obligation to hold the draws did not demonstrate an intention *not* to provide the prizes *at the time the offer was made*.

Similarly, additional charges under s11 – (misleading conduct in relation to services) and s9 – (misleading or deceptive trade practices) were successfully defended. Legal fees were \$100,000.

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