



A VL real life claim example

Statutory Liability

Resource Management Act

The Insured, a local bus operator, had a diesel fuel facility in its yard. The tank was owned by the fuel supplier but the Insured was responsible for its upkeep. The fenced and gated yard was broken into at night and amongst other things, an unsecured valve on the tank was maliciously turned on. Fuel ran into a bunded area surrounding the tank.

Unfortunately, the drain hole in the bund had been left open by an employee of the Insured after he had cleared rubbish from it the previous day. 18,000 litres of fuel ran into a nearby stream.

A massive clean-up operation was undertaken, largely paid for under the policy at a cost of around \$300,000. Fortunately, an oyster farm located in a downstream estuary was unaffected as the remedial action meant that the fuel dissipated upstream. The Council brought action against the Insured and its supplier under the RMA.

The Insured was convicted and fined just \$14,250 plus prosecution costs of \$243. Defence costs were \$60,000.

Footnote: the outlet valve on the tank was replaced by a lockable device – cost \$370!

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