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# COMMUNIQUE

Newsletter of the  
New Zealand Architects Co-operative Society Ltd

November 2007

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## “Leaky Buildings” – Where to from here!

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Regrettably, the Claims Experience of the Group has continued to deteriorate from the numbers of notifications received from Members relative to “*wet building issues*”, largely arising from professional work performed prior to **2005**.

In order to ensure that the **NZACS** Scheme cover remains a viable going-forward programme that can be underwritten successfully and be robust into the future, thus ensuring Members have reasonable options and protection for their forward work, **NZACS** not only sought renewal terms from the existing Insurers, but also any expressions of interest from most of the other Specialist Insurers in the Insurance Market for the Members **2007-2008** Programme.

The outcome of those negotiations is:

- The existing “*Wet Buildings*” exclusion has been modified to the advantage of Members. It will no longer apply to “*Commercial Projects*”, either in respect of past, current or future projects.

However, the exclusion shall continue to apply to “*Residential*” projects. These will be any building that contains “*household unit or units*” (yet to be defined), to apply where the building or any part of the building is used, or is intended to be used or occupied for residential purposes. The exclusion shall not apply to any hostel, hotel, boarding house, or specialised accommodation that cannot be used or occupied for residential purposes.

- A new Automatic Extension applies to provide ongoing cover for a Limit of Indemnity of **\$250,000** any one claim and for all claims during the period of the insurance in the aggregate, for any “*Residential*” projects, but this Automatic Extension shall not apply to any projects where the Building Consent was issued prior to **31 March 2005** and any multi-unit projects that have not been subject to an independent peer-review of the waterproofing and cladding aspects. This replaces the existing limited **\$50,000** cover Extension.
- Higher indemnities can be applied for by negotiation with the **NZACS** Insurers for Members who require such cover for new projects, subject to underwriting information that will generally again require an independent peer-review of the waterproofing and cladding aspects of the project.
- Members with an adverse claims experience will not automatically be entitled to the cover extension that applies to “*Wet Buildings*”. However they can apply for cover for specific new projects by negotiation with the **NZACS** Insurers, subject to underwriting information that will generally again require an independent peer-review of the waterproofing and cladding aspects of the project.

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**NZACS** is pleased to have been able to secure continuity of the *Members' Programme* for 2007-2008 with no adjustment to the basic Subscription Rates as compared to last year. This ensures that the **NZACS** Scheme remains robust into the future, and that Members have reasonable option and protection for their forward work.

Generally, any increase to your annual cost will be a reflection of a growth or change in the nature of your practice, your amendments to the limit of indemnity or excess, or because you were already on the minimum Subscription Rate. We regret it is taken some time to present this favourable outcome but it has been the subject of intense negotiation with Insurers.

## **NZACS Endorses NZIA PRACTICE MANAGER**

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**NZACS** is keen to support any tools which allow better practice for architects.

The Directors are pleased to announce that following their meeting held on 5 September 2007, **NZACS** has written to the **NZIA** providing an endorsement of the new **NZIA** Practice Manager programme.

In his letter of endorsement, Chairman Hamish Wixon stated:

*“NZIA Practice Manager, as it is now named, has developed into an excellent support tool for architects and their staff to manage architecture commissions in an environment designed to manage and minimize risk.*

*“NZACS congratulates NZIA and Red Gravel Publications for creating this valuable tool and unreservedly encourages New Zealand practitioners to implement and use this programme as part of their office systems.*

*NZACS believes that adoption and use of NZIA Practice Manager will manifest in a reduction in errors and therefore claims for professional negligence against practices, and will look favourably at providing corresponding benefits in terms and conditions to Insured Members, that implement and use it, as a consequence.”*

The Directors are currently exploring possible benefits which can be provided to Members in the future who subscribe to and implement **NZIA** Practice Manager within their office.”

## **NZACS who made it happen – What does it stand for?**

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*Alan Purdie writes:*

**NZACS** was established in **1972** as a co-operative society, to be owned and managed by Architects, to provide its Members with a vehicle for the purchase of high quality, group professional indemnity insurance, on a voluntary basis.

This founding tenet was very much to the fore, and reinforced, when the Directors held a strategic planning day in June, the day following the Society's 35<sup>th</sup> Annual General Meeting. It is therefore important for Members to acknowledge that this focus has not changed over the past thirty five years and will continue unchanged going forward.

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On the same day this planning meeting was held, the funeral of Graham Kofoed, a founding Director of *NZACS* and the first Chairman of *Acanthus Insurance Co Ltd*, was being held in Raumatī. Given these two events it is appropriate to recall those Architects who had the foresight, energy, and commitment to promote and form *NZACS* those thirty five years ago.

Those Architects who became founding Directors and key initiators in establishing *NZACS* were, Bruce Girdlestone, Graham Kofoed and Stuart Mitchinson. Bruce and Graham were practising Architects; Bruce a partner in the firm of Girdlestone & Mitchell in Lower Hutt while Graham was a partner in Kofoed Kenny & Partners in Wellington. Stuart Mitchinson, after a career in the Ministry of Works, during which time he also edited the *NZIA* Journal (*now Architecture New Zealand*), was the then Director of *NZIA*.

Bruce Girdlestone was elected the first Chairman while Graham Kofoed was appointed as the first Claims Director. Right throughout the formation phase and for many years following, insurance advice was provided by the Groups Insurance Consultant, Denis Adam. It was his vision of establishing a vehicle to manage Group Professional Insurance for professions that was vital to assisting these architects in achieving the establishment of *NZACS*.

Three other initial directors were David Sayers, of Gillman, Garry, Clapp & Sayers of Hamilton; Hal Wagstaff; also a well known yacht designer who maintained he could keep water out of his boats but not his houses, of Wagstaff and Cockcroft, Wellington; and Arthur Williment of the Haughton Partnership, Wellington. To complete the registration process a seventh signatory was required and this was E. V. (Jim) Dawson, of King and Dawson, Wellington the then Chairman of the *AERB*.

The formation proposal to establish *NZACS* was taken to the *NZIA* Council for support. Council agreed to underwrite the establishment costs of up to **\$1000**. These costs related to legal costs for the preparation of the rules and registration under the Industrial and Provident Societies Act 1908.

During the early years of operation the Directors took no personal payment for the considerable time they committed voluntarily to the affairs of *NZACS* in order that the Society could become established financially. To those first Directors goes the gratitude of the present **711** Member Firms and the Profession for their vision, drive and commitment in establishing *NZACS*.

I reinforce to Members that this is your Society, managed by Architects who are there to support you in relation to your professional indemnity insurance needs, to provide market leading architect specific policy wording, provide sound practice and risk management information by way of Communiqué, Seminars and Website, and provide you with management and support with respect to your claim notifications. Your Directors are on your side. It is a co-operative.

I was privileged to be involved in the establishment process being Secretary of the Society, a position I held until the formation of *Acanthus Insurance Co. Ltd* in 1983. I have been privileged to continue my involvement as an advisor to *NZACS* since then and greatly value my association, one of the real success stories of the profession.

The *NZACS* website [www.nzacs.co.nz](http://www.nzacs.co.nz) has many useful articles on risk management and can be accessed by logging in with your membership number. If you have a query, that should be your first port of call, and if that does not yield an answer, Aon, the Secretary, or the Claims Committee are all only a phone call away - their contact details are on the website.

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## **COMMUNIQUÉ**

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*We welcome contributions from readers,  
on how they manage risk.*

