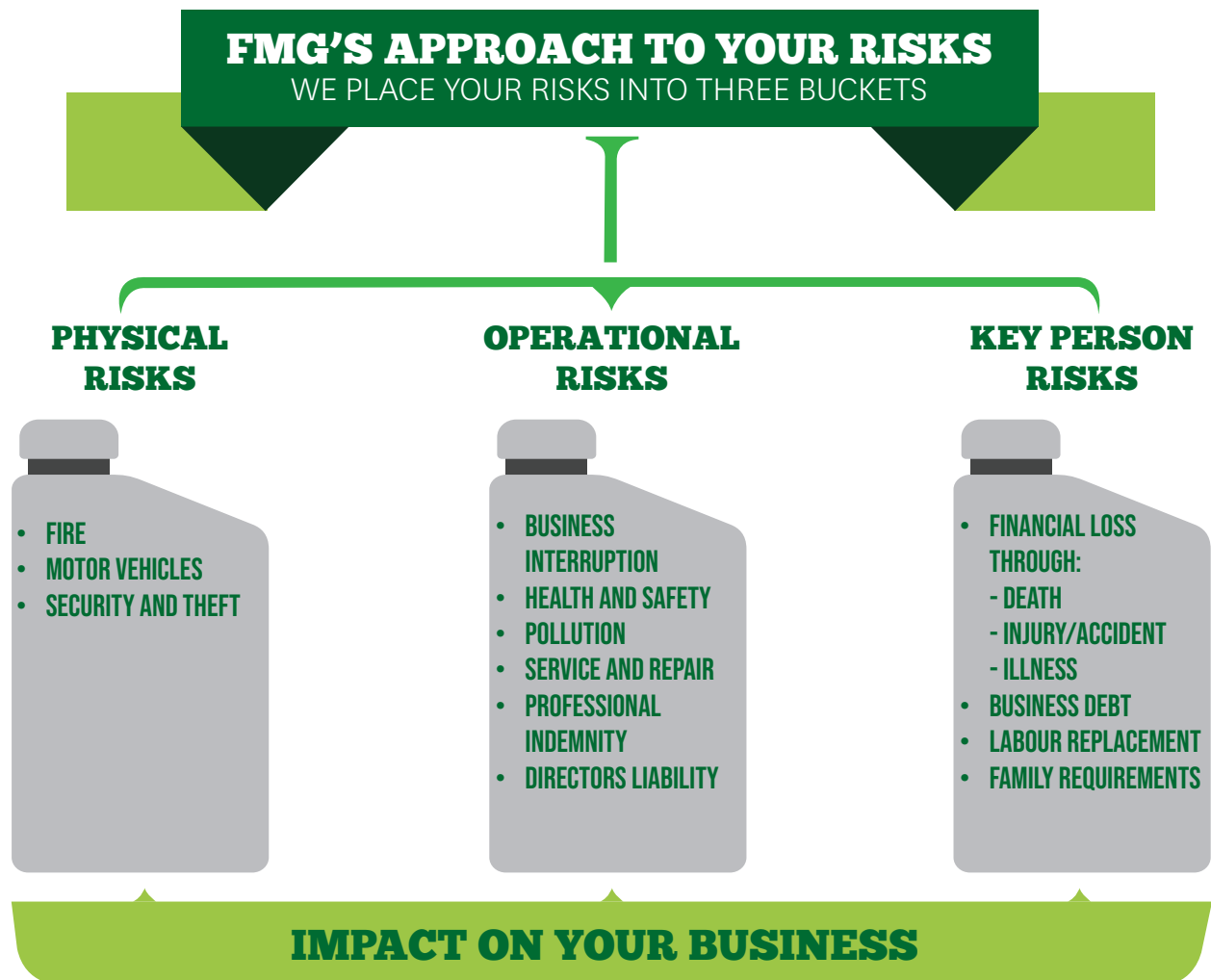


**GARAGES,
MECHANICS AND
LIGHT ENGINEERING
ADVICE
WORTH
LISTENING
TO.**



FMG
Advice & Insurance

We're here for the good of the country.



PHYSICAL RISKS

Fire

Switchboard and wiring faults account for the majority of commercial building fires that FMG pays out on. We run an extensive thermal imaging programme offering you a simple and non-intrusive way to test your buildings and plant for increased or abnormal thermal energy which poses an increased fire risk. Please contact us for more information.

Hot work (e.g. cutting, welding or open-flame work) is another common cause of fire claims that FMG pays out on. Operations involving welding and hot work should be conducted well clear of any cladding material where possible and appropriate precautions should be taken such as confining work to a designated area, restricting work timeframes, using fire resistant shielding, having an extinguisher in close proximity and conducting post work inspections. A hot work permit system should be used and adhered to at all times. Please ask us if you'd like a Hot Work pack.

It's also important that you have plans in place to quickly remove your vehicles, key equipment and machinery.

Motor vehicles

Motor vehicle accidents represent a large and common risk to your business. Claims for motor vehicle damage average \$12 million per year and this figure is steadily increasing.

- A quarter of claims occur while reversing. Always check your mirrors, sensors or reversing cameras before backing out and look where you're going.
- A third of claims happen in driveways or on our clients' properties. This includes impacts in the workshop, which can damage both the vehicle and the building. Stay alert when driving in familiar surroundings and be mindful of mailboxes, walls and garages.
- One seventh of motor vehicle accident claims occur in public car parks. Park within the designated space, leave room for others and check it out before you back it out.

Security and theft

Your tools, vehicles, equipment and machinery are an integral part of your operation that run the risk of being stolen. The most commonly stolen items include tools, small machinery and fuel. The risk of theft is particularly high for portable high-value electronic equipment.

Effective security measures are the greatest deterrent to burglary or theft. We recommend you ensure vehicles, machinery, equipment and fuel are securely stored away when not in use and at night, consider installing cameras and/or monitored alarms at your premises, and create and store an asset list of property serial numbers. You can do this for free on <https://www.snap.org.nz>

OPERATIONAL RISK

Service and repair

You should be aware of the liability exposure that arises when servicing or repairing other people's motor vehicles, internal combustion engines or watercraft. For example, issues can arise when a vehicle waiting to be picked up is damaged, an engine you are working on catches fire resulting in the whole vehicle being written off or an incorrect part being fitted resulting in damage.

To reduce your exposure we recommend that you:

- ensure that you and your employees are well trained and appropriately qualified and certified for the work being undertaken. You should also ensure that you have good oversight of any apprentices and that you maintain good quality control
- comply with the recommended standards and guidelines
- ensure your workshop area is clean and tidy.

Business interruption

In recent years there has been an increase in catastrophic events across New Zealand. These events, such as the 2016 Kaikoura earthquakes and extreme weather events in 2017 and early 2018, have caused significant business interruption to our clients.

To help minimise the interruption to your operation, FMG recommends that you have a business continuity plan in place, should your operation be interrupted. Please ask us about Business Interruption insurance, which can be structured to work alongside your business continuity plan and help protect your business.

Health and safety

Adopting good safety practices is very important. This minimises the risk that a health and safety incident will happen and reduce your exposure to prosecution under health and safety legislation. Breaches of this legislation can carry significant consequences such as fines, penalties, reparations and legal defence costs.

The risk of incidents and your potential exposure under health and safety legislation is reduced through proactively identifying physical hazards and taking steps to mitigate them, including using a hazard risk register and having regular health and safety team meetings and training. For more information on health and safety requirements visit www.business.govt.nz/worksafe

Pollution and resource management

If you fail to comply with your obligations under the Resource Management Act 1991, including any local body consents, bylaws or regulations you operate under, you risk being prosecuted. You could incur significant legal defence costs, fines and potentially community service or a term of imprisonment.

For this reason it's important that that oil, fuel, tyres and other substances you work with are appropriately disposed and do not pollute waterways or other aspects of the environment. It's also important that you meet your obligations in terms of air and noise pollution (if appropriate). Ignorance is no defence and the New Zealand Courts expect you to be professional and proactive.

There are specific requirements under hazardous substances regulations that may give rise to penalties if they are not complied with. See the hazardous substances section on www.worksafe.govt.nz for more information.

Professional indemnity

Issues can arise when you conduct design or certification work, or give advice which your client later alleges was wrong. This can include potentially lengthy litigation, disruption to your business and loss of reputation. If you end up being found liable, significant damages may be awarded against your business or you personally, as well as the defence costs that you may have to pay.

The best guard against this professional indemnity exposure is to ensure that your work does not stray from your area of expertise; specifically, you take due care and that you are insured for this exposure. You should also ensure that your approach is clearly documented and in-line with industry standards—being conscious that this may be potentially scrutinised in hindsight.

Directors

Directors and officers of companies have serious management obligations. If breached, this could expose them to personal liability and their personal assets are therefore at risk. Examples of things that can go wrong include:

- a director committing the company to substantial expenditure it cannot afford
- diverting funds and resources to further personal interest
- failing to be adequately across the finances or their health and safety obligations.

For these reasons, and due to the increased exposure directors and officers face under new health and safety legislation in particular, FMG recommends that directors and officers have a good understanding of their corporate obligations and responsibility, and that Management Liability insurance cover is in place.

KEY PERSON RISKS

The risks of injury, disablement and death are very real.

In a small to medium operation, one, two or more people may be the key revenue generators. The survival of that business may be at stake if they're unable to work. The 'key' person may be you, a family member, a manager or another employee in the business.

Ask yourself, if I or another 'key' person are in a position where they are unable to work for a prolonged period of time due to a serious health event or injury:

- will I be able to meet my financial commitments to the Bank, customers, suppliers and employees?
- can my operation afford financially for me or the 'key' person not to be there?
- will we need to employ extra labour? Will they be as productive—remembering the inevitable training period?

The full financial implications of key person risks are not always considered and adequate personal risk protection is very easily underestimated. We recommend reviewing your personal insurance and making sure you have adequate cover in place to provide for a prolonged period of incapacitation.

The above is a summary of some of your risks as a mechanic, light engineer or garage operator. FMG's products and services are subject to specific product documentation and underwriting requirements.

For more information:

Talk to your FMG representative | Call us on 0800 366 466

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