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# Vital to read the insurance fine print

**A**re your "ornaments" fully insured? It pays to read your insurance policy very carefully and if in doubt take advice as to what it means.

Otherwise your assumptions as to what is covered or the limits that apply could leave you seriously out of pocket.

In a recent High Court case, a homeowner sought to recover the cost of replacing a collection of expensive porcelain figurines that were damaged in the Christchurch earthquake.

His misreading of the policy gave him an expensive lesson in what is art, sculpture or ornaments.

The homeowner's damaged Lladro pieces would together cost \$210,000 to replace. Individually they were worth many thousands of dollars.

His insurance policy provided cover for works of art, including sculptures and ornaments, of only \$5000 per item or \$20,000 in total unless the items were specifically identified. None had been specified under the policy because the homeowner did not regard them as works of art and had not thought of them as ornaments.

The issue was whether they were works of art as defined in the policy.

The homeowner argued that his pieces were not works of art because they were neither



**LEGAL MATTERS**

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ornaments nor sculptures. The insurer saw them as works of art because art under the policy included ornaments and sculptures (as well as pictures etc).

The judge held that a reasonable insurance company would want to know if certain items it was covering had a greater value than would otherwise be thought normal.

He also held that an insurance company would want to know if any items were outside the normal range, so that it would know the extent of the risk being insured. These items were all very valuable and were not cheap trinkets.

The insurance policy would cover them up to \$5000 each without specification of each item in the policy, so art was covered, even if not individually itemised, so long as it was not overly expensive.

The judge held that a reasonable person would consider Lladro figurines to be ornaments.



Lladro figurines - art or ornaments?

PHOTO: FAIRFAX NZ

They have no practical use, but are displayed for their appearance and design.

The homeowner could only get up to \$20,000 for all of the ornaments and not the \$210,000 claimed.

The judge also decided they were not sculptures because of the manufacturing process used to produce them in a factory setting

and the way they were made.

If you have special items that are valuable and could be works of art, ornaments, sculptures or similar, check your policy wording and if necessary specify any items, if you want them to be insured for their value.

These types of policy wordings can also cover other household items for limited values and set

maximums, so read your policy right through to make sure you are getting what you need in your cover.

Column courtesy of Rainey Collins Lawyers, phone 0600 733 484 or [raineycollins.co.nz](http://raineycollins.co.nz). If you have a legal inquiry you would like discussed in this column, email [aknowlesley@raineycollins.co.nz](mailto:aknowlesley@raineycollins.co.nz).