

When making a claim, what does ‘replacement as new’ actually mean?

Our Claims Department has found that there is sometimes confusion over what the words ‘replacement as new’ or ‘new for old’ mean when handling a claim.

The Claims Settlement Provisions in some of our Home Contents Insurance policies offers ‘replacement as new’ if an article is totally lost or destroyed, subject to certain exceptions which are specified in the individual policy wordings.

So what exactly does ‘replacement as new’ mean? Where it applies Cornish Mutual agree to pay the cost of property lost or destroyed without deduction for depreciation or wear and tear. When dealing with modern furniture, or the like, this means we pay the cost of purchasing replacement items of similar quality from local retailers or suppliers.

A more difficult situation arises when dealing with electrical items, such as televisions or personal computers. The advance of technology often means that items can be replaced with items of equal or better technical specification to the original, but at considerably less cost than the original purchase.

Provided the replacement proposed is ‘like for like,’ that is the replacement equipment does all the original did, then ‘replacement as new’ is achieved, even where the replacement cost falls below the original purchase price. The original purchase price does not always have to be equalled or bettered to achieve a ‘replacement as new’ settlement.

What ‘replacement as new’ does mean, is that our Members benefit from a ‘new’ replacement, on a like for like basis, therefore ensuring complete peace of mind.



Reminder to Dairy Farmers

As you know livestock prices for Dairy Farmers have nearly doubled over the last few months so it is important to check that you have the right Sum Insured for your herd, which should represent the replacement value of your herd.

Notification of the AGM



Thurlestone Hotel, Devon

This years AGM will take place on Thursday 27 March at the Thurlestone Hotel near Kingsbridge in Devon. As always we would like to encourage as many Members as possible to attend and will be sending out information packs to all our Members prior to the event.

In adhering to our Company Memorandum and Articles of Association we have to send AGM packs to all our Members, so if you have Policies with us in different names but at the same address, we will still have to send more than one pack to the same address.

Meet our Members



The Buscombe's stall at Truro market

Cornish Mutual insures a variety of rural enterprises throughout the South West and we thought some of these businesses might be of interest to other Members. So on a regular basis we will be featuring a Member as a case study. In this issue we meet the Buscombes who run the Cornish Mill and Bakehouse.

The Cornish Mill and Bakehouse

With the help of their family, David and Sara Buscombe run the Cornish Mill and Bakehouse from a farm outside Newquay. They have insured with Cornish Mutual for the last four years.

Their business is run with self-sufficiency in mind, this means that everything grown or reared on the farm contributes to the family or the bakery. The pigs are used for the pork pies and cattle for the pasties. They farm 25-30 acres of grain that is used in some of their breads and supplied locally. They recently supplied the restaurant Fifteen with flour during its Cornish Month.

One of their biggest investments has been in their own mill which not only provides flour for baking but also feed for the pigs and horses as well.

Their popular market stalls sell a range of breads, cakes, pies, biscuits and pasties and they also supply some local cafes.

The insurance they have with Cornish Mutual covers a range of risks for the different aspects of the business.

Public and products liability cover offers them protection against unforeseen risks that could threaten the continuation of the business.

Employer's liability cover protects them if they are liable for an injury to an employee.

Continued overleaf

Property insurance covering items like the equipment in the bakery, agricultural vehicles, the mill, their home contents and takings from the stall whilst in transit are also all protected.

David Buscombe says

“Insurance is a necessary ‘just in case’ decision in order to ensure that my business continues to run smoothly. Cornish Mutual offer a service that helps me manage my risks in an effective manner through my local Insurance Inspector who is on hand to offer advice, manage quotes and even help with any claim queries.

In fact just recently I had to make a claim for a broken pie warmer worth about £300. My Insurance Inspector submitted the claim form for me on the Thursday and on Saturday I received the cheque; it is this type of service that offers me peace of mind and allows me to run my business without interruption.”

For further information on the Cornish Mill and Bakehouse visit: www.cornishmillandbakehouse.com or visit their stall in Lemon Quay, Truro on Wednesdays and Saturdays or the Moor, Falmouth on Tuesdays.



Towing Trailers in Great Britain

Due to a recent incident where a driver was towing a trailer without the correct license we would like to make our Members aware that the law governing the type of driving licence required for the towing of trailers is complex.

In broad terms this means that if you passed your test before 1 January 1997 you have the right to tow trailers in certain weight restrictions. If you passed your driving test after 1 January 1997 you need to take an additional test to have a towing extension added to your driving licence.

It is important that you check the towing restriction on your current licence and understand that drivers who passed a driving test after 1 January 1997 do not automatically have the same towing authority as drivers with older licences.



If you have any doubt as to what you, your family members or employees are authorised to tow then please contact the DVLA.

Do I Need Public Liability Insurance?



We are often asked if public liability insurance is necessary. After all it's not a compulsory insurance like motor insurance or employer's liability insurance. In fact some people feel able to go throughout life without having public liability insurance.

The law places a large number of responsibilities on each and every one of us. We have to take care not to cause damage to anyone's property or to injure them. Should such damage or injury occur it is likely that the person who has suffered the loss will look for someone to blame and may then seek compensation.

The law states that we all owe everyone a duty of care. When a breach of that duty occurs resulting in damage or injury then the person who caused the damage may be held responsible. Nowadays any number of legal firms advertise their services to represent claimants so, increasingly, the claimant will have access to effective legal representation which is paid for out of the award made against the perpetrator.

So how can such damage or injury occur? The following is a summary of some of the types of successful claims which, thankfully, were dealt with by insurers, rather than by the person held responsible having to meet the cost out of their own pocket, figures which often reach into the tens and hundreds of thousands of pounds.

- Causing an accident whilst riding a horse or bicycle in which a motorist is seriously injured
- Guests who trip and fall due to uneven surfaces
- Cars damaged by animals escaping from fields
- Walkers attacked by animals
- Trespassers injured where insufficient attention was given by the landowner in preventing their access to the property
- Contractors injured by poorly maintained buildings or equipment
- Children drowning in inadequately fenced ponds
- Selling a product which causes food poisoning
- Allowing a hazardous substance to get into a watercourse

So if none of the above, and many other such situations, never apply to you then you do not need public liability insurance. If, however, you are like the overwhelming number of individuals and businesses in the UK, who feel they face exposure every day and decide to protect themselves with public liability insurance, then the answer to the question is a resounding 'Yes'.

Employing Contractors on Your Farm

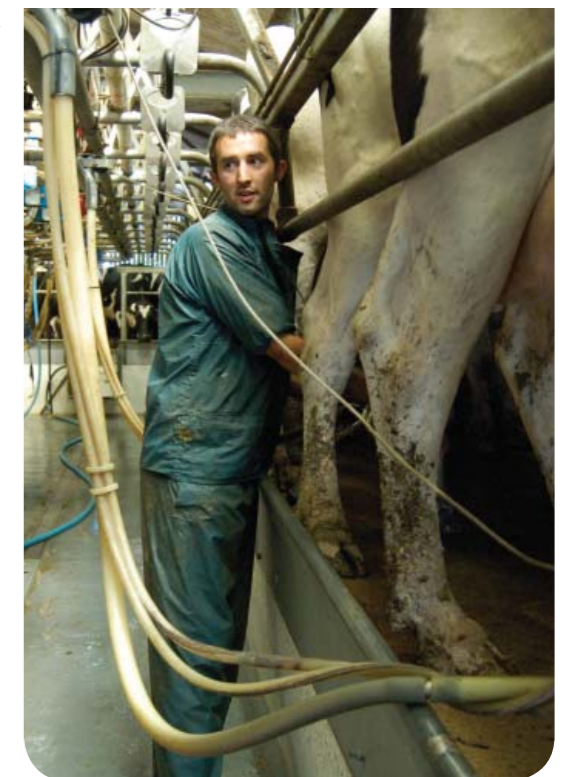
Health and Safety legislation places duties on both you and any contractors employed by you to protect, so far as is reasonably practicable, the health and safety of employees and other people who may be affected by your work activities.

Contractors are often used for particularly hazardous jobs on farms such as repairing fragile roofs or clearing slurry pits. Whether using contractors for short term work such as silage making, or for long term major construction work, you cannot simply tell them what to do and leave them to get on with the work. Accidents may occur because the contractors may not be aware of the hazards of working on farms or other farm workers may be unaware that contractors are on site.

To reduce the risk of accidents you should:

- Select competent contractors with a good local reputation who possess suitable certificates of competence, carry out effective risk assessments relevant to your farm activities, and can prove that they have an acceptable attitude to site safety.
- Plan the work beforehand. Agree on a safe system of work, preferably in writing, including method statements and work permits if required. Pay special attention to especially hazardous operations such as working at height or in confined spaces like sealed grain or forage silos. Ensure that varying ground conditions will support heavy plant, and that overhead power lines are identified.
- Monitor and control the contractors on site. Keep a regular check on the work in progress and the safety procedures adopted. Keep all parties informed of any changes in the work, site conditions and any possible new hazards.

Above all, keep up a regular dialogue between all parties. It is important



to bear in mind that current health and safety management regulations require all employers who share a workplace to fully co-operate with each other and co-ordinate their work to ensure everyone is complying with their legal duties.