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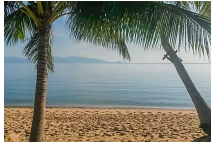
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Building owners face higher insurance premiums if they have exterior combustible cladding

Marta Steeman • 16:39, Oct 04 2018



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Insurers would be assessing buildings with exterior combustible claddings for greater fire risks as policies were renewed, the Insurance Council of New Zealand warns.

The comments come as the United Kingdom Government decides to ban combustible cladding on the outside of high rise buildings in response to the 24-storey Grenfell Tower fire tragedy on June 16, 2017.

The ban includes all new schools, hospitals, care homes, student accommodation and residential houses higher than 18 metres, British media reported. Some 72 people lost their lives in the fire.

Insurance Council of New Zealand chief executive Tim Grafton said the affect on policies would depend on the type of panels and the extent of their use on the exterior of buildings.

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* [112 buildings in Wellington clad in aluminium cladding linked to Grenfell tower disaster](#)

* [Govt suspends certificates for combustible cladding like that found in Grenfell Tower](#)

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There were three types of panels – those with a 100 per cent polyethylene core, those that were fire-rated and "somewhat" less flammable, and non-combustible panels.

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Insurers had greatest concerns about high rise buildings with attached aluminium composite paneling running all the way up with a combustible polyethylene core.



The use of ACP panels in New Zealand buildings does not run the same risk as in buildings like Grenfell Tower because our buildings have multiple defences that Grenfell did not have, the Ministry of Business, Innovation and Employment said.

If a fire started for instance on a balcony it could spread rapidly up a building in a short time, start to break windows and enter the building on many levels at once.

Sprinkler systems were designed to contain one seat of fire for a short time before the fire service arrived but not necessarily to contain fires on several levels at once.

Building owners in doubt about what the core of the aluminium panels were were advised to get them tested, Grafton said.

There were examples in Australia where fire-rated or low-combustible core paneling had been recommended for a building but cheaper polyethylene core panels were substituted during construction.

He said insurers had available to them "the usual insurance responses", but he could not comment on individual cases.

The range of responses included raising premiums, changes to deductibles or excesses and policy exclusions such as excluding certain damage to a building if it was caused by a fire to the polyethylene core.

Councils had identified a number of buildings with ACP cladding but not all the buildings had been identified as to what the core inside the panels were.

A presentation by Auckland lawyer Helen Macfarlane of Hesketh Henry, a specialist on the topic, said with respect to buildings with ACP cladding, "the general response of the insurance industry in Australia has been either to stop insuring ACP clad buildings or to raise premiums."

Several of New Zealand's large insurers are Australian-owned.



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Insurance Council chief executive Tim Grafton says insurers have greatest concern about high-rise buildings that have aluminium composite panels with a 100 per cent polyethylene core.

Paul Hobbs, acting manager building system assurance, at the Ministry of Business, Innovation and Employment (MBIE) said New Zealand buildings were required to have multiple lines of defence for fire safety, so if one part of the fire system did not perform as expected, other parts would continue to maintain life safety.

New Zealand multi-storey residential buildings with ACP cladding typically had active and passive fire protection systems.

Active fire protection included fire detection, alarm systems and sprinkler systems, and passive fire protection was fire-rated construction, for example fire-rated plasterboard walls.

"What this means, is that the use of ACP panels in New Zealand buildings does not run the same risk as that of buildings such as Grenfell Tower in the UK,"

"For example a building similar to Grenfell Tower constructed in New Zealand would have smoke detection, a building wide alarm system, an automatic sprinkler system and an all-out evacuation plan. The Grenfell tower did not have all of these features."

MBIE asked metropolitan councils to determine the prevalence of ACP in high rise building in NZ, Hobbs said.

"Auckland Council has recently stated there are 116 buildings with ACP in their jurisdiction and Wellington City Council has 112. Christchurch has found 28 buildings with combustible panels and 18 others with unidentified or semi-combustible panels.

"All councils have stressed they consider none of these buildings to be dangerous," Hobbs said.

But one line of defence against fires is compromised in New Zealand, the insurance industry has said. It said there was systemic non-compliance with passive fire protection systems in New Zealand buildings.

Grafton said the industry had found many instances in New Zealand of passive fire safety systems not complying with safety standards. There was no requirement for installers to have any qualifications.

The industry knew of numerous examples of work on buildings after they were built that had damaged the passive fire protection systems, Grafton said.



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Lawyer Helen Macfarlane lives in an Auckland apartment with ACP cladding with a 100 per cent polyethylene core and works in a building with partial cladding of 100 per cent polyethylene core.

She said New Zealand regulations and the building code were based on health and safety so New Zealand buildings were supposed to resist fire for sufficient time for occupants to get out safely.

There were a number of differences between the United Kingdom and here, the biggest being that the UK had not embraced sprinklers the way New Zealand and Australia had.

"So MBIE is correct, the risk here to life and safety is not as great as in Grenfell."

"A better comparison is with Lacrosse in Melbourne, since Australia takes a somewhat similar approach to fire safety as we do with sprinklers, etc."

The fire at the Lacrosse Apartment, clad with 100 per cent polyethylene core panels, occurred in November 2014.

Macfarlane said the fire was started by a lit cigarette on a balcony, the building was evacuated and there were no casualties, just massive property damage although not as extensive as in Grenfell, since the building was sprinklered on the interior.

The response of Australian states varied. At least one state, New South Wales, had decided that ACP cladding with more than 30 per cent polyethylene core was non-compliant with the building code and could not be used in buildings.

The jury was still out on ACP cladding with 30 per cent polyethylene core. British testing demonstrated that their combustibility depended on whether fire resistant materials, such as linings, were used in conjunction with the cladding.

"I think we can expect MBIE to watch how the Australian response plays out a bit more," Macfarlane said.

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