

10 November 2016

‘P’ and your Trust’s property

Did you know that local insurance companies have numerous claims for Methamphetamine contaminated properties?

“Nearly a quarter of homes built for a brand new state housing development in Christchurch have already been contaminated with ‘P’ less than a year later.” – Stuff.co.nz (15 March 2016)

It is the responsibility of the trustees to ensure any property owned by the Trust is safe and sanitary for those occupying it. The property, as an asset of the trust, must be protected in the best interests of the beneficiaries of the trust.

The property and its value should not be jeopardised in any way, not only for beneficiaries but for parties such as insurance companies and the bank which may hold the property as security.

If a property tests positive for ‘P’, some insurance companies may cover the costs of decontamination and some may not. Other insurance companies may limit what they will pay. It is best to discuss your cover with your insurance company in regard to ‘P’ contamination. Some tips to assist in reducing the chances of contamination occurring are:

- Have the property tested prior to a new tenant moving in;
- Carry out inspections (at least bi-monthly) and random tests for ‘cause’, i.e. if you are suspicious of ‘P’ use; and
- Have the property tested when a tenant vacates the property.

If you have not tested the property prior to a tenancy and the property fails a test carried out at a later date, you cannot prove the property was ‘un-contaminated’ prior to the tenancy.

The property owner is potentially liable for:

- Temporary accommodation for the tenant while the property is decontaminated;
- All of the rent the tenant has paid, up to the time of the failed test, on the grounds the tenant was provided unfit accommodation.

Once contamination occurs there are obligations, such as ensuring that any contamination is decontaminated to a safe level. This can be a costly exercise.

If you have not already tested your property, it would be best to test now for peace of mind. We suggest you discuss this with your insurance company, rental agency and all trustees to ensure the Trust property is protected.

For more information please contact Megan Wood (Trust Manager) or John Brosnan (HR) on 07 889 7153.