

CONSTRUCTION
&
SURETY

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HVAC Service Company Not Obligated To Ensure Proper System Operation In Case Of Fire.

NY Schools Insurance Reciprocal v. Honeywell, 867 NY Supp. 2d 456

This is a subrogation case in which a school district's property insurance company sought to recover \$13 million from Honeywell. The insurance company alleged that smoke was mistakenly circulated throughout the building during a fire due to Honeywell's failure to evaluate and upgrade the HVAC system.

Honeywell moved to have the case dismissed based on the plain language in its contract. The trial court granted Honeywell's motion, which was affirmed on appeal.

The court held that per the contract, Honeywell was only required to perform maintenance and inspection neither of which had anything to do with the fire alarm system. Nor did the contract require Honeywell to check how the HVAC system would work in the event of a fire.

The court also referred to the specific provision in the contract which stated:

Honeywell shall not be obligated to provide replacement equipment, components and/or parts that represent a significant betterment or capital improvement to customer's system.

Based on these provisions in the contract Honeywell was able to have the suit against it dismissed at the very beginning of the litigation.

The moral: For those doubters among us, contract language does matter and courts will enforce contracts if clearly written. ■

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