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Liability limited by covenant

Nina Bombiers article appeared in the June 12, 2015 issue of the Lawyers Weekly published by Lexis Nexis Canada Inc. The article discussed a recent decision which affirmed that a covenant to insure will operate as a transfer of risk, and that non-contracting parties can be protected by this transfer despite the lack of privity.

"...The *Sanofi* case centred on a covenant to insure the full value of the appellant's vaccines stored at a warehouse owned by the defendant, UPS. The warehouse's cooling system failed, rendering over $8 million worth of vaccines unsaleable. Sanofi recovered in full from its insurer, which subrogated the claim and sued UPS in negligence, as well as other defendants, including the manufacturer and installer of the cooling system..."

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