

Press Release

Water Distribution Systems in Buildings during Construction IMIA WGP 54 (07)

This paper was produced by a working group chaired by Anders Lindberg of If P&C Insurance, Sweden. He also presented the paper in Tokyo.

Water damage has become a major and increasing problem to insurers in certain markets. This paper compares the experience from some European markets and as the experience varies it tries to focus on the most important factors influencing the occurrence of water damage losses and the measures which can be taken to reduce their number and severity.

The paper has been limited to the experience from the countries of the working group members France, Sweden, Switzerland and the UK.

The increasing sophistication of water distribution systems in buildings means an increasing risk of damage caused by the accidental escape of water from such systems in buildings whilst being constructed, extended or refurbished. Water damage may occur during either the construction period or the maintenance period following completion resulting in claims under CAR policies. Third party property may also be damaged.

There are numerous causes of water damage. The use of new materials, such as plastic rather than copper pipe work, often requires more complex fitting procedures and there is a danger that these procedures are not rigorously followed by plumbing contractors. In certain territories, shortages of experienced plumbers can lead to the employment of operatives who lack the skills and training necessary to do the work properly and are unfamiliar with standards, rules and regulations. The use of expensive and vulnerable materials in luxury apartment blocks, as well as designs which hide pipe work and require more water-using appliances increase the cost of losses.

It is evident that the extent and nature of this problem varies by country. For example in Sweden and in the UK failures of pipe connections have resulted in substantial escape of water losses, whereas in Switzerland extraneous damage to pipe work caused by say careless drilling is more of an issue. The prevalence of design and build contracts in the UK and Sweden as opposed to more traditional contracts used in France may lead to more losses, because of fewer design and workmanship checks and need for reduced construction times. Differing insurance requirements, such as the statutory requirement in France for “dommage ouvrage” cover, and deductible levels also have an impact on the level of claims.

The objective of this paper is to:

- a) increase awareness amongst IMIA members and the wider engineering insurance community of the problem of water damage associated with water distribution systems during construction of buildings; and
- b) propose a framework for a code of practice which could be adapted as required by CAR insurers worldwide, which would serve to reduce the likelihood of water damage during construction, thus reducing costs for both insurers and insured parties.

Link to the Working Group paper WGP 50 (07):

http://www.imia.com/downloads/imia_papers/WGP54_2007.pdf

The International Association of Engineering Insurers (IMIA) provides a forum for the exchange of information, knowledge, experience and opinions between engineering insurers throughout the world. The 40th annual conference, held in Tokyo in October 2007, provided a platform for such exchanges and allowed delegates to discuss and confront the risks emanating from new technical developments in the industry.

For further information see the website www.imia.com