

Press release report on IMIA Conference Tokyo 1<sup>st</sup> to 3<sup>rd</sup> October 2007

## **Engineering Insurers meet to discuss their ongoing challenge: Adjusting to ever changing risks**

The Engineering Insurance market provides well known standard covers for contract works of construction projects and operational risks, whether civil or mechanical and a number of specialised business interruption covers. However each risk may be different to ones previously insured, and Insurers need to apply the know-how of their Engineering experts to adapt covers to accommodate the risk and adjust to the hazards involved.

IMIA, the International Association of Engineering Insurers, held its 40<sup>th</sup> annual conference this year in Tokyo, from 1<sup>st</sup> to 3<sup>rd</sup> October.



This year's President on behalf of the Japanese Delegation hosting the conference, Mr. Masami Suzuki of Tokio Marine & Nichido Fire Insurance (left), welcomed the delegates from 17 countries to the Tokyo conference. IMIA Chairman Detmar Heidenhain of Munich Reinsurance (right) opened the three days meeting focussing on the past year's work and the goals to be achieved during the conference.



Total internal renovation of an existing office building

Among the subjects discussed by the delegates were the problems encountered when an existing building or plant undergoes renovation, modernisation or upgrading works. This topic was viewed at from different angles considering varying types of contracts and the question of how to provide satisfactory limits for existing plant and property and how to adjust covers to the specific circumstances. Certain problems of providing Business Interruption or Delay in Start-up covers were also analysed in detail in order to elaborate possible ways of dealing with them.

Special solutions for evaluating emerging technologies and the question of insuring what has never been insured before was also lively discussed applying models of data and expert evaluation methods.

Loss analysis and loss prevention are keys to expert underwriting and risk management for Engineering Insurers. From a loss prevention aspect one paper analysed the risk and care required to reduce the potential of large damage to building installations resulting from failure of water distribution systems during construction.

Japan is situated in a region of severe exposure to the hazards of storms, cyclones and earthquakes. Taking account of this fact the Japanese companies hosting the conference invited two guest speakers, professors researching into these perils, their causes and ways of reducing the potential extent of damage. Prof. S. Midorikawa, Urban Earthquake Engineering, Tokyo Institute of Technology stated that the extreme earthquake exposure of areas like the Tokyo metropolis can only be reduced by upgraded construction methods such as outer reinforcing structure, flexible rubber base and sliders providing improved seismic performance. He also suggested a prompt earthquake information system.

The two presentations provoked a lively discussion among the Delegates clearly expressing their concern raised by the development of increasing intensity and frequency of these hazards and the massive values at risk, this being not a problem just for Japan but for the globe as a whole, as international insurers are no doubt well aware.

The conference provided the opportunity for Delegates to more active involvement in exchanging experience and views in a breakout session. Five groups of delegates discussed each a selected topic of specific Engineering insurance interest. The various contributions of the individual delegates of the discussion groups were then summarised and reflected to the full auditory.

Analysis and investigation of losses always play an important part in Engineering Insurance handling. This year one individual case of loss regarding tunneling works was presented and discussed for improving the understanding of specific problems involved in application of typical policy terms and conditions to various elements of such tunneling losses. In this case the collapse of a tunnel section driven into difficult rock formation caused damage to the works and a tunnel boring machine. The settling of this loss proved to be very complex.



Picture depicting the tunnel boring machine and back-up train during assembly

In another paper several large losses in Decennial insurance, a ten years contract liability cover for buildings and other civil works, was presented. One of the losses was the collapse of a section of the departure building of the Charles de Gaulle airport in Paris in 2004.

Papers presented at the conference will soon be displayed in the library section of the IMIA web site <http://www.imia.com> .

**IMIA** is an international organisation of national insurance associations and engineering insurers. Their members include also reinsurers, brokers and loss adjusters. On their website IMIA provides a wealth of information on a range of technological issues, critical risks, losses that have occurred, exemplary policies and clauses, business statistics of IMIA member countries and numerous links to other web sites of interest for Engineering insurance underwriters.

The member country hosting next year's conference will be Great Britain, and this conference will be held at Gleneagles, Scotland in September 2008.

IMIA – UG/DH  
24.10.2007