

## Press release on IMIA Conference Istanbul

### IMIA, The International Association of Engineering Insurers held its 42<sup>nd</sup> annual Conference at Istanbul from 28<sup>th</sup> to 30<sup>th</sup> Sept. 2009

The President and host of this conference, Volkan Babür (IMIA EC Member and Assistant General Manager of Mapfre Genel Sigorta) welcomed the 75 Delegates from 22 countries to the Istanbul conference and Chairman Detmar Heidenhain (Munich Re) opened the three days meeting appreciating the progress IMIA has made in the past year and highlighted the essential presentations and discussions to be held at this year's conference. He thanked for the many contributions received for the work of IMIA and the further improved quality Delegates have put into fulfilling the work of IMIA.



The President Volkan Babür, the current Chairman Detmar Heidenhain and the newly elected Chairman Neil Clutterbuck

The 2008 premium and loss statistics of now 22 IMIA member countries were again presented by Hans Pöttker (Allianz). It was explained that data supplied should have all the details required to produce statistics as realistic as possible. It becomes evident that the financial crisis started already in 2008 to have its negative effects on the Engineering business. The presentation of the 2008 statistics is now available on the IMIA website under Library.

How the local market works in Turkey was well presented by Ferhan Özay, Executive Director of AON Benfield Istanbul, pointing out that in 2008 there was still a reasonable growth although construction business declined. Contractors work also in other countries, but these were not exempted from the downturn and the forecast for 2009 is not good.

Three further brief country reports were given by delegates from Switzerland, Spain and Russia highlighting similar market developments and loss situation in these countries.

Five special Engineering topics were discussed in groups during the so called Breakout Session (- Coverage of refractories and catalysts - should they be covered, - Policy leaders and following markets: roles and responsibilities, - New markets for IDI insurance: challenges and perspectives, - Clarification regarding various specific testing periods, - CO2 emission trading and BI insurance).

Five new IMIA papers were presented by the working groups:

### **Tunnel Boring Machines**

The presentation gave an understanding of what a tunnel boring machine (TBM) is. TBMs are very varied in their suitability for different soil conditions. They are exposed to a wide variety of perils.

### **Mining Industry - Engineering Insurance exposure**

In this paper the various types and activities of the mining industry were explained and also the vast variety plants and heavy mining machinery involved, again exposed to a number of high risks, demonstrated by pictures of plants, equipment and losses.

### **New challenges for Wind Energy**

The presentation expanded on current issues and the concerns in respect of the potential for the increasing size and frequency of physical damage claims and the ensuing business interruption due to the ongoing problem of defects due to errors in design, poor quality of components and insufficient internal controls.

### **Risk Control and Claims Handling in Advance Loss of Profits Insurance (ALOP)**

The presentation refers to the global economic climate and issues which insurers face in these challenging times. Some details and statistical analysis were given of worldwide ALOP claims and results. Average loss size has almost doubled during the last 8 years.

### **Combustion turbines: critical losses and trends**

The presentation explains the complex and difficult nature of combustion turbines. For these turbines underwriting, risk management measures and loss adjustments are highly intricate and those undertaking them need to have sound experience. The presentation gave ideas, recommendations and guidelines for the best insurance practice in the field.

Other presentations given by delegates and guests at the conference referred to special topics like:

### **Waste to Energy - Opportunities and Challenges**

Mike Robertson, Liberty London delivered an interesting presentation on the underwriting experience of waste to energy systems. The benefits of such plants are the useful processing and safe disposal of non hazardous residential, commercial, and industrial wastes, but fires are a major concern.

### **A tunnel and shaft collapse during construction of a metro section**

David McGhie of Advanta Global Services showed a highly interesting claims case concerning the collapse of a shaft and tunnel section of the metro contract works.

### **Two interesting loss cases on bridges**

Alessandro Stolfa, Generali London presented two special loss cases which were not only very special but also highly interesting.

### **The Marmaray Project**

Tarık Serepil, Civil Engineer, Marsh Risk Management briefly introduces the points relating to arranging insurance and Öztürk Ösgür, Civil Engineer of the project design division gave a very good technical presentation of the Marmaray project, the rail link and tunnelling works, one of the most challenging infrastructure projects in Turkey.

## **Implications of financial crisis and related cessation of works on Engineering Insurance**

Christoph Hoch and Oscar Treceno jointly presented two papers on this topic which was explored from the financial consequences on the Engineering insurance business on the one hand and the consequences on the insured projects on the other.

Most of these papers also appear on IMIA web site ([www.imia.com](http://www.imia.com)) under Library.

Five new topics of interest to be elaborated until next year's conference were suggested and new working groups formed.

The next IMIA conference will be held in Berlin, Germany 10<sup>th</sup> to 15<sup>th</sup> September 2010.

 For more news of the Istanbul conference please see also the special article by Neil Clutterbuck published in the **Insurance Times**. See attached document!

Markets & Risks

## Market: Engineering and the IMIA

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By **Neil Clutterbuck**

The International Association of Engineering Insurers (IMIA) recently held its annual conference in Istanbul to discuss the challenges the engineering insurance industry is facing worldwide.

Underwriters, brokers and loss adjusters shared their experiences of the sector, discussing new technology trends and sharing knowledge and experience on emerging and critical issues relevant to the industry.

Over the course of three days, the 2009 conference discussed a wide variety of subjects, ranging from the impact of the worldwide recession on the construction sector to the underwriting considerations of onshore and offshore wind energy projects. Here is a summary of the discussion.

### **The Marmaray project**

The Marmaray project involves connecting two continents by means of a high-speed train tunnel beneath the Bosphorus Strait. This project has been shown to be one of the most challenging infrastructure projects in the world today.

The presentation explained how constructors are applying a new technique of connecting round drilled tunnels with rectangular immersed sections in a watertight way. The challenging nature of this project, combined with the employment of a new technique, highlighted the importance of a considered approach to risk management that construction of such a large project brings.

### **Wind energy**

The rapidly developing wind turbine industry was discussed, centring around the potential for an increase in the size and frequency of physical damage claims and how serial defects, poor-quality components and insufficient internal controls translate into multiple business interruptions.

The impact of wind energy was highlighted as something that all engineering insurers should be aware of. For insurers, developing and maintaining expertise is critical if the industry is to successfully underwrite emerging technologies such as this.

### **Tunnel-boring machines**

This talk highlighted the fact that the development of tunnel-boring machines has presented insurers with several challenges.

Being an extremely specialist piece of machinery, a thorough awareness and understanding of the nitty-gritty is a primary challenge. Tunnel-boring machines bring a range of hazards when in use, but an underwriter will need to write risk dependent on the type of machine proposed and the environment in which it will be used.

## The year ahead

Looking ahead to 2010, the association already has a number of project groups under way that are examining several topics of interest. The output of this will be presented at next year's conference, and include:

- insurance of both second-hand plants and equipment;
- claims issues with rapidly developing technology, incorporating engineering insurance issues related to inland transit;
- risks and insurance of petrochemical, oil and gas-processing constructions; and
- insurance issues, losses and infrastructure exposure, relating to the construction of transmission and distribution lines.

Providing insights and recommendations on these topics will continue to aid understanding on an international scale and, because of the technical quality of the work submitted, we should in the future explore whether or not it would be feasible to seek accreditation from recognised industry bodies such as the CII. This would not only aid the learning and development of the IMIA membership, but also hopefully attract new members.

IMIA recognises the importance of moving with the times and will be looking to further enhance its global reach using online networking, webinars and other media facilities to support its membership.

I have some ambitious plans for the future and am keen to raise awareness of the association as 'the knowledge hub for engineering insurance'.

We already have a strong and growing membership; we are keen to build on that foundation and, in order to do so, it will become more important than ever for us to promote best practice within this industry. Without the hard work of associations such as IMIA, the fear must be that industry expertise in this specialist domain will wither on the vine.

Sustaining the life blood of technical engineering insurance knowledge through an ever more vibrant network of industry experts is what IMIA is all about.

The next IMIA conference will be held in Berlin, Germany on 11-15 September 2010. **IT**

*Neil Clutterbuck is chairman of IMIA and director of Allianz Engineering*



# TSRŞB, IMIA 2009 Genel Kurul Toplantısı'na Ev Sahipliği Yaptı

**U**luslararası Mühendislik Sigortacıları Birliği'nin (IMIA) 2009 Yılı Genel Kurul toplantısı 26-30 Eylül 2009 tarihlerinde Birliğin ev sahipliğinde İstanbul Ceylan Intercontinental Otel'de gerçekleştirildi. Birliğin Genel Sekreter Yardımcısı Mehmet Kalkavan ile Maphre Genel Sigorta Genel Müdür Yardımcısı, IMIA Türkiye Temsilcisi ve İcra Kurulu Üyesi Volkan Babür tarafından temsil edildiği toplantıya birçok ülkeden üst düzey yönetici katıldı. Toplantıda uzmanlar mühendislik sigortalarına ilişkin gündemdeki konuları değerlendirerek mevcut sorunların çözümüne yönelik görüş alışverişinde bulundu.

Konferansın ilk gününde Uluslararası Mühendislik Sigortacıları Birliği Türkiye temsilcisi ve IMIA İcra Kurulu üyesi Volkan Babür ve IMIA Yönetim

Kurulu Başkanı Detmar Heidenhain tarafından yapılan açış konuşmalarının ardından İspanya, İsviçre ve Rusya ülke raporları, IMIA istatistikleri, 2010 yılı için çalışma konuları ile Türkiye'deki sigorta piyasasına ilişkin oturumlar düzenlendi.

Konferansın ikinci gününde uzmanlar tarafından maden endüstrisi, rüzgâr enerjisinde karşılaşılan zorluklar, enerji, yanma türbindeki trendler ve diğer inşaat konuları ile ilgili vaka analizleri hakkında bilgi verildi.

Toplantının son gününde ise Marmaray projesi, finansal krizin mühendislik sigortası üzerindeki etkisi, IMIA çalışmaları ile 2010 IMIA toplantısında ele alınacak konulara ilişkin oturumlar düzenlendi. Oturumlar sonunda IMIA seçimlerinin gerçekleştirilmesinin ardından IMIA Yönetim Kurulu Başkanı Detmar Heidenhain tarafından bir kapanış konuşması yapıldı.

IMIA 2009 Genel Kurul Toplantısı Sait Halim Paşa Yalısı'nda düzenlenen akşam yemeği ile sona erdi. Veda yemeği sırasında IMIA Yönetim Kurulu Başkanlığı görevini tamamlayan Detmar Heidenhain tarafından da bir teşekkür konuşması gerçekleştirildi.

Üç gün devam eden konferans sırasında delegeler çeşitli oturumlara katılmanın yanında İstanbul'un tarihi yerlerini ziyaret etme fırsatı da buldu. IMIA 2010 Genel Kurul Toplantısı gelecek yıl Berlin'de gerçekleştirilecek.



English Translation of the Turkish article

**Association of Turkish Insurance and Reinsurance Companies (TSRSB) hosted the 2009 Annual IMIA Meeting in Istanbul**

IMIA 2009 Annual Meeting was organised at Ceylan Inter Continental Hotel from 26th to 30th September 2009, hosted by the Association of Turkish Insurance and Reinsurance Companies. Numerous directors from all over the world gathered in the meeting in which the Turkish Association was represented by Assistant General Secretary of The Turkish Association - Mr. Mehmet KALKAVAN and Mapfre Genel Sigorta's Assistant General Manager - Mr. Volkan BABÜR who is also a Member of the Executive Committee of IMIA (The International Association of Engineering Insurers). In the meeting experts discussed up to date topics about Engineer Insurances.

On the first day of the conference, after the speeches of Mr. Volkan BABÜR and Mr Detmar HEINDENHAIN, who is the Chairman of IMIA, various sessions had been arranged such as business reports of the countries Spain, Switzerland and Russia, as well as the Engineering Insurance statistics, new working group topics 2010 and on the insurance market in Turkey.

On the second day of the conference, participants presented their papers which were on mining industry, difficulties that wind power faced, trends of combustion turbines and other construction and claims subjects.

On the final day of the conference, sessions were arranged about the Marmaray Project, implication of financial crisis for engineer insurance and new topics to be handled at 2010 IMIA meeting. After the IMIA elections, the retiring and the new Chairman of IMIA made the final speeches of the conferences.

IMIA 2009 Annual Meetings closed with a dinner arranged at Sait Halim Paşa Mansion, where Mr. Detmar HEINDENHAIN, retiring from his duty as the Chairman of IMIA, tendered his thanks to all conference participants.

During the conferences for three days, the delegates also had a chance to visit historical places of Istanbul, besides joining the sessions. IMIA 2010 Annual Meetings will be held next year in Berlin.