

## Press release on IMIA Conference Boston

### IMIA, The International Association of Engineering Insurers held its 39<sup>th</sup> annual Conference in Boston 11<sup>th</sup> to 13<sup>th</sup> Sept. 2006

This year's President and host, Mike Petruzzello (Hartford Steam Boiler) welcomed the 64 Delegates from 20 countries to the Boston conference and Chairman Detmar Heidenhain (Munich Re) opened the three days meeting stating details of the progress IMIA has made in the past year in the exchange of knowledge and experience and producing and providing useful technical information for Engineering Underwriters. He thanked all for their work and the quality they have put into fulfilling this task of IMIA.

Five new IMIA papers were presented:

The one dealing with **offshore wind power** illustrates the technical problems which add to those known from wind farms on land, but shortage of conventional energy sources and the better wind conditions for offshore installation make this technology promising. Insurers need to know the risks involved. It is a challenge to the power industry as well as to insurers.

The second paper reports of the construction techniques used for **road construction** and of the exposures of these works mainly to natural hazards. Water damage by heavy rainfall is the foremost problem to be handled, and this is well illustrated. The paper suggests a close risk analysis and ongoing risk monitoring.

In the third paper the working group reports of the past experience with **tunnel construction projects** and gives a shocking loss figure for material damage and an even worse scenario, if these projects had all been insured for **ALoP (Advance Loss of Profits)**. Request for such cover was denied in most cases, but requests are getting stronger for privately financed projects. The paper tries to make underwriters aware of the enormous loss potential and the challenge one would be faced with. One of the suggestions is the requirement of best practice in risk analysis and management which can be helped by applying the Code of Practice for Tunnelling Works which is also available on the IMIA web site.

Another paper describes the latest development in the **pulp and paper** industry and the hazards involved for engineering insurers. It is an excellent paper for the insurer in respect of risk analysis and inspections as it provides for all main equipment a specific check list of essential questions. Evidently these are equally important questions to the operator.

The last of the five IMIA papers discusses the pros and cons of **Break and Review clauses** as may be applied for long-term contracts between 5 and 15 years, cases where an underwriter faces problems in properly judging risks lasting so long and be sure that the same conditions are adequate throughout the full period. The discussion is well balanced in respect of the interests of the insurer as well as the insured. Good risk analysis, qualified risk management and a clear definition of the term "material change" are the essential points for a professional and well working insurance cover for long-term projects.

Other presentations at the conference referred to Engineering insurance statistics of IMIA Member countries and special topics presented by guests like the highly interesting Big Dig project in Boston, the catastrophic loss by Hurricane Katrina last year and a hurricane loss to a hotel construction project. Another paper presented the complex loss scenario following damage to an anchored bored pile wall and the last one discussed the possible implications and synergies with BI insurance due to the introduction of carbon emission certificates. Most of these papers also appear on IMIA web site ([www.imia.com](http://www.imia.com)).

Five new topics of interest were suggested and new working groups formed to elaborate respective IMIA papers until next year's conference.

The next IMIA conference will be held in Tokyo, Japan September 29<sup>th</sup> to October 3<sup>rd</sup> 2007.