

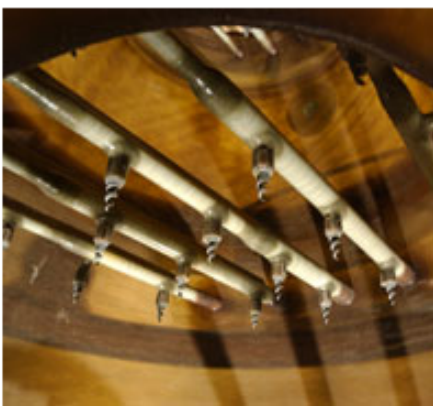
Short paper on an interesting case of damage

Supplied by Generali Versicherung, Austria (June 2009)

The Project

Erection of a thermal waste utilisation plant

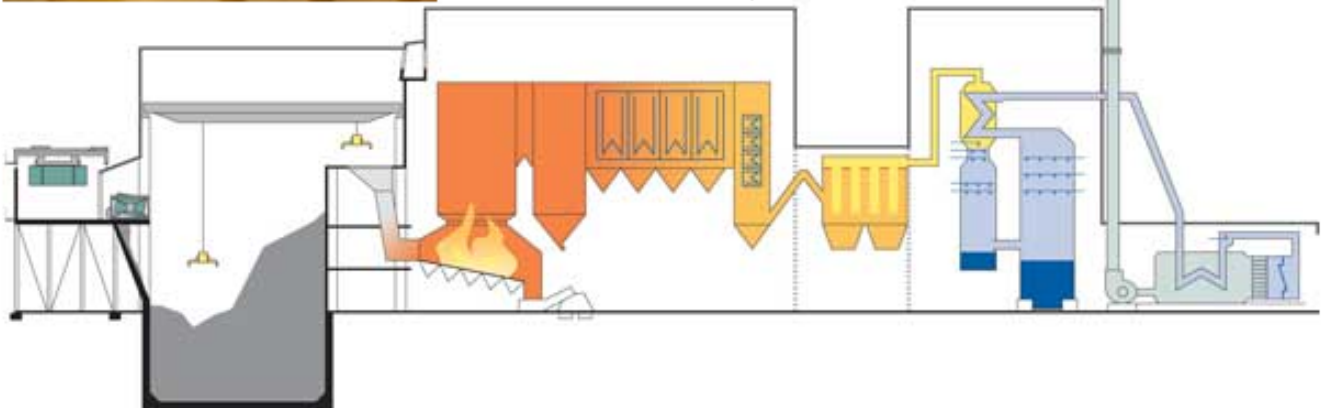
The thermal waste utilisation plant is the largest and most modern of its kind in Austria, implementing a unique concept of environmentally friendly waste treatment where the energy contained in the garbage is used to generate electricity and heat for district heating, and where both the incoming waste and the outgoing residuals are transported by rail.



Scrubber

The wet stage starts out with the HCl scrubber (also known as "acid scrubber"), where chlorine and fluorine compounds are extracted from the flue gas, as are soluble heavy metals such as mercury. Next, sulphur dioxide is eliminated from the flue gas in the SO₂ scrubber ("gypsum scrubber") by the addition of a limestone suspension; the resulting gypsum is put to a number of uses in the construction industry.

The waste water from the wet stage undergoes neutralisation, precipitation and flocculation to be turned into harmless saline solutions and heavy metal slags of low solubility. The latter are dehydrated and solidified for later dumping together with the dust from the fabric filter.



The coverage

- ❖ ABS (General Property Insurance Conditions), version 1997
- ❖ AMMB (General Machinery Erection All Risk Insurance Conditions), version 1990 (General open contract policy agreement on basis of annual turnover)
- ❖ Special Endorsements in addition to the general agreement

Insured

All companies listed in the general agreement

The Loss

Damage occurred to a large flue gas scrubber. At first, two cranes lifted the scrubber and propped it up. After the scrubber was standing upright, the supporting crane was detached. The scrubber was lifted for positioning by the main crane up to an altitude of 4.5m above the floor. While performing this action, an ear of the scrubber for attachment of the ropes broke off. As a result, the other ears were overloaded and went off as well. The scrubber fell down and toppled over, destroying a container and further steel construction works.

The first question was, whether the damage occurred during transportation or during construction?

- The damage occurred during positioning of the scrubber at the construction site. The unloading on the site (being part of the transportation cover) had been completed before. Therefore the damage occurred within the contract works covered by the machinery erection policy.
- The contractor is covered under this policy.
- The supplier is located in Taiwan where this scrubber was also manufactured.
- Recourse towards the producer was not possible. Additionally, bad workmanship had to be proven first.

Insurance Claim

- Reconstruction: The long supply duration for the scrubber was problematic. The principal insists on a fast completion in order to commence operations in a timely manner as there were obligations to supply energy.
- New replacement value of the scrubber amounted to EUR 1,200,000.
- A repair on site in order to save time was possible and the expenses for the repair did not exceed the new replacement value.

Expert Comments:

Several specialists were contacted. An expert's report was done. It was then decided to repair the parts on site, except for the head section of the scrubber. This part was ordered in Taiwan to be remanufactured supplied. Total expenses for the repair and the new fabrication amounted to EUR 620,000.

Further Development:

The insured contractor filed for bankruptcy proceedings and the insurer had to transfer the payment to the liquidator, not to the contractor. The contractor had already ordered the scrubber head and repaired the scrubber on his own account.

Conclusion for policy issuing

With general open contract agreements the following options are possible:

- Single notification per project
- All projects on annual turnover base

Both cases represent a problem in that in case of the contractor using unknown suppliers worldwide, the risk involved and the quality of the supplier is not known in advance. It is hardly possible to take recourse against suppliers included in the cover on such general unspecified basis – a case where usually the supplier should be held liable.

It is preferable to have single contract policies with clearer description of the works and contractors / sub-contractors and major suppliers being required.

Images of the damage:



Scrubber vessel with the two cranes after the occurrence



Damage of vessel and container





Images after the repair:

