

DETAILS OF INTERESTING CLAIM

No: DOIC 63 (CAR)

Type of Insurance:

CAR

Description of damaged item:

Harbour construction

Cause of Loss:

- (2) Faulty material or workmanship
- (3) Faulty design

Claim Cost

10 m USD

Description of Incident and Loss Prevention Measures initiated:

A port in South America built, owned and operated by an industrial company. The owner had extended the port and constructed an additional quay consisting of a mole the surface of which was broadened by a vertical bored pile wall which was anchored to the mole, the space between bored pile wall and mole being backfilled with heavy rock boulders.

The water depth had been approx. 20 m.

Some time after construction the bored pile wall tilted to the outward side, anchors broke and the quay had to be closed down, cargo cranes and other equipment had to be removed.

A claim of more than 10 m USD was made for the repair works and the BI. As probe drillings revealed, the mole had been constructed after cleaning the seabed but without removing soft material and replacing it by graded and adequately compacted material. As a consequence the mole settled differently than the bored pile wall. Moreover the bored pile wall had been embedded insufficiently in the underground and did not have the required stability.

Outline the interesting or unusual aspects of this claim or problems experienced during settlement:

The claim was declined by insurers as the root cause had been faulty design and/or faulty workmanship in the construction period. As the claim had been submitted under the subsequent property policy and construction works had been planned and executed by the insured himself this was considered as gross negligence.

Conclusion

Sea ground must be properly investigated and removed if inadequate. In this case it should be replaced by graded and properly compacted material, e.g. by vibroflotation or the structure should be founded on the well-prepared bedrock.

Faulty design and faulty workmanship may cause failures during the maintenance period or even at a later stage during the operational phase. Certain types of design errors or bad workmanship committed by the insured himself may be considered in the operational phase as gross negligence.

(From [Engineering Insurance Exposure related to Wet Risks](#) - IMIA Paper WGP50(07)E)