

# WGP 130 (23)

## Development of a code for claims classification in the engineering insurance industry

Andy Kane

Head of Construction & Engineering,  
QBE European Operations

Christian Kolbe

Head of Global Construction Claims  
Allianz Commercial



# CONTENT TOPICS

**01**

Working group  
Members.

**02**

Why do we need a new  
classification system?

**03**

The process.

**04**

Proposed classification  
system.

**05**

Proposed next steps.

**06**

Questions / Discussion.





**TOPIC**

**Working Group Members**

**01**

# WGP130 (23) Members

---

Arne Ziegert, Chair (SWISS RE)

---

Andy Kane (QBE)

---

Christian Kolbe (ALLIANZ)

---

Darren Smart (LIBERTY)

---

Devrim Aksar (ANADOLU)

---

Giacomo Paolo Dentoni (ZURICH)

---

Martin Schörkhuber (VRS-SSP)

---

Paulina Harrington (SCOR)

---

Raik Wittowski (HELVETIA)

---

Richard Gordon (ZURICH)

---

Yuki Takahashi (SOMPO)

---

Francesca De Rosa, sponsor (AXA)

---





**TOPIC**

**02**

**Why do we need a new  
classification system?**

slido

Join at

**slido.com**

**#2030 905**





## Poll

- How easy do you find it to access accurate claims data in your portfolio.
- Easily – Very Difficult

# Why do we need a new classification system?



- Without a common claims classification system for engineering claims, statistical analysis become problematic.
- Portfolio Management (accurate data is essential).
- Simplify IMIA Statistics survey through unified claims data.
- Enable spotting claims trends through enhanced data quality.
- Target risk engineering activities accurately.
- Improve Insurance service to policyholders.





# London market current process using the e-file

- In the event of a claim the broker presents the initial Electronic Claims File (ECF) through a shared system.
- The broker will enter the initial cause of loss.
- The cause of loss should be updated by the lead syndicate or market.
- Once the claim is agreed by the lead it will be settled by all markets through the system.
- Often the claim cause is not updated and is shown as “Contractors All Risk”.
- All markets are relying on the lead market to choose the correct cause.





TOPIC

The process

03

# Process



- Collection of data (available classification systems in the market).
- Reduction of data to the minimum relevant.
- Workshop (definition of the scope of the code).
- Test cases.
- Findings from testing.
- Output.

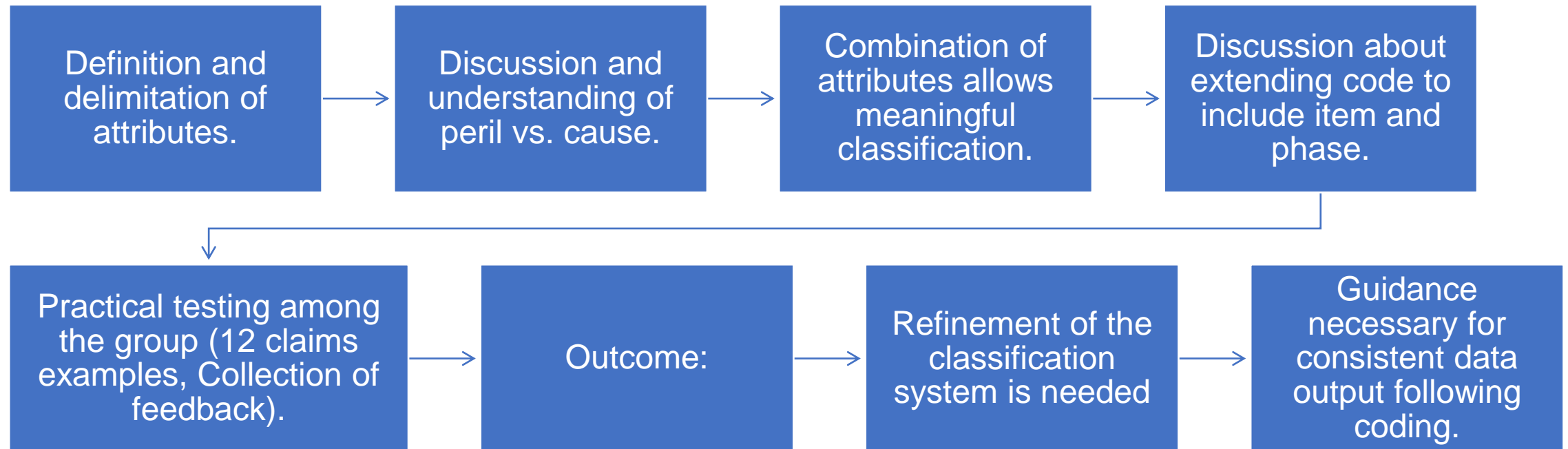


# Process



- Classifications were obtained from eleven insurance companies.
- Classifications received represent the current approaches of insurance companies on three continents.
- Consideration of classifications from two organizations operating in London (LMA-London Market Association and LPC- London Processing Centre) and three national insurance associations (Italy, Austria, and Turkey) were also included in the review.

# Workshop/Testing/Outcome





TOPIC

04

Proposed classification  
system



# The Phase – The Peril – The Cause

## The Phase

- Works, Commissioning/Testing, Maintenance, Initial Operation.

## The Peril

- Physical manifestation of damage on property.

## The Cause

- Predominant Cause



## The Phase

Works (all kind, both 'early' and 'late')  
Commissioning/testing  
Maintenance  
Initial operations/1st year/ramp-up

## The Peril

Breakdown - electrical  
Breakdown - mechanical  
Collapse/structural damage  
Communicable disease  
Contamination  
Corrosion  
Cracking/fracture/rupture  
DSU/ALOP  
Earthquake/seismic  
Explosion (chemical), e.g. ignition  
Explosion (physical), e.g. rupture/over  
pressurization/overheating  
Fire  
Hail  
Impact  
Landslide, among others mudslide  
Lightning  
Malicious act  
Mysterious disappearance  
Named windstorm  
Seepage and pollution  
Snow/ice/freezing  
Storm/tropical storm/windstorm -  
hurricane/typhoon/cyclone  
Subsidence, e. g. settlement  
Theft/burglary  
Third party: bodily injury  
Third party: property damage  
Tsunami  
Water damage (external) e.g. flood and alike  
Water damage (internal) e.g. piping and alike  
Wildfire

## The Cause

Arson  
Breakdown - whether electric/mechanical  
Collision/derailment  
Control/management/operating systems failure by human failure  
Control/management/operating systems failure by software failure  
Cyber as act  
Cyber as incident  
Defective design, plan or specification  
Defective material/equipment  
Defective workmanship  
Escape of fluid  
Fluvial  
Groundwater ingress  
Hail  
Handling/lifting  
Lightning  
Never established  
Other  
Pluvial  
Preventative measures  
Service/power interruption  
Short circuit/electrical failure  
Snow/ice/freezing  
Storm surge  
Stress corrosion cracking  
Strike riot and civil commotion  
Terror  
Thermal runaway  
Third party  
Transit  
Tsunami  
Wildfire  
Wind



# Poll



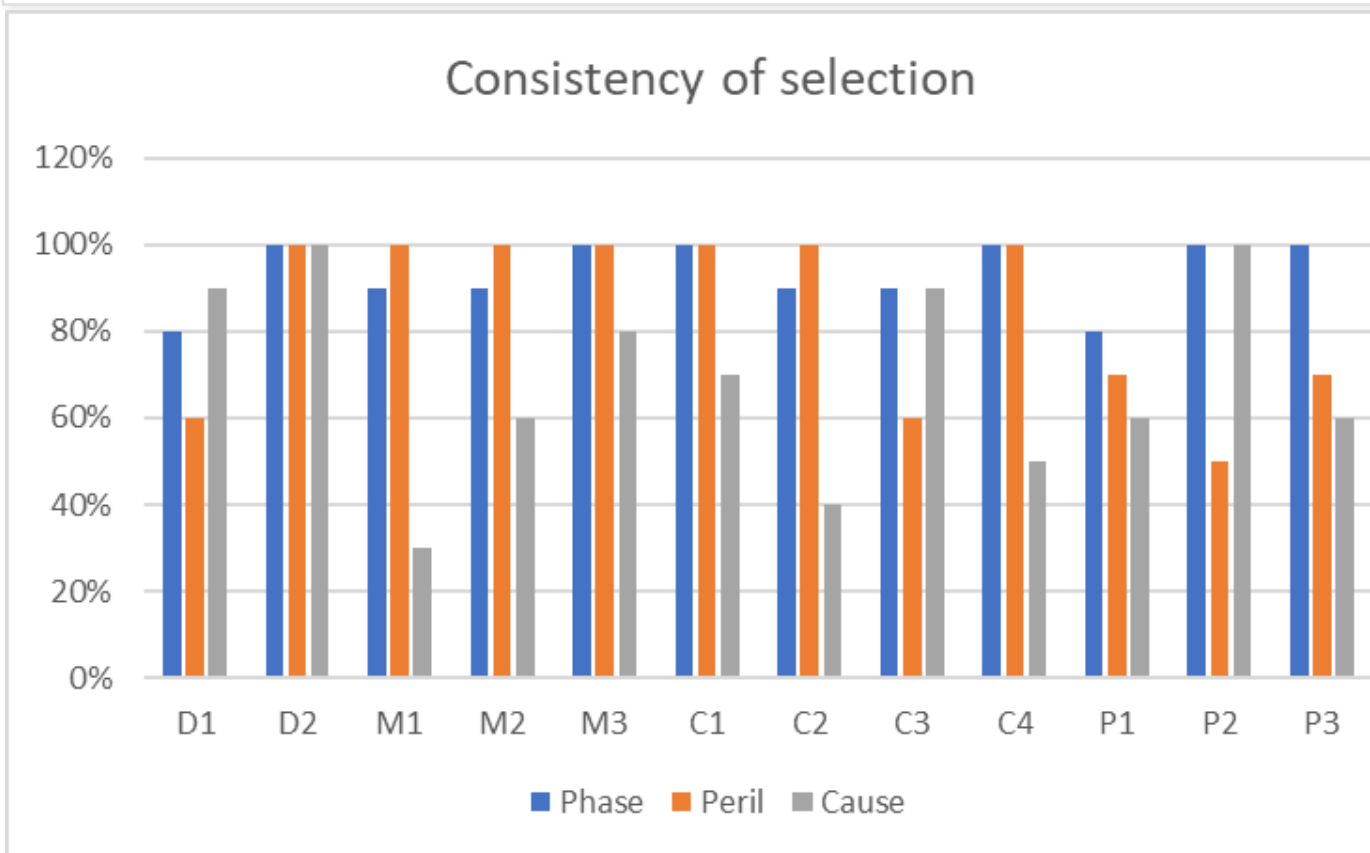
- HEPP case study

What was the Phase of the project when the loss occurred?

What was the Peril that manifested the damage?

What was the predominant Cause of the loss?

# Results of the test classification



- Only one case with a consistency score of 100%.
- Phase was the most consistent with full agreement 50% of the time and an average of 93% consistency score.
- Peril was also in full agreement 50% of the time with an average of 84% consistency score.
- Cause was the least consistent with full agreement in only 2 cases and an average consistency score of 69%.



TOPIC

Proposed next steps

05

# Next steps

- Propose implementation in WGP member companies.
- Collect Feedback.
- Further refinement (notably related to Natural Perils and Cause).
- Eventual future add on: Item.
- Elaborate Guidance/Manual.
- Include IDI in the assessment.



# Poll

- Would you support the implementation of a global market standard classification system for claims causation and peril?
- Yes
- No
- Don't know or yet to be convinced





**TOPIC**

**Questions / discussion**

**06**

Questions and Comments?

- Thank you to Francesca for sponsoring the working group and Arne for chairing the group.
- Thank you to all the team members for participating.
- Thank you for your attention and participation.