

Escape of Water – The Hidden Peril

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Escape of Water – The Hidden Peril

- **LEARNING OBJECTIVES**

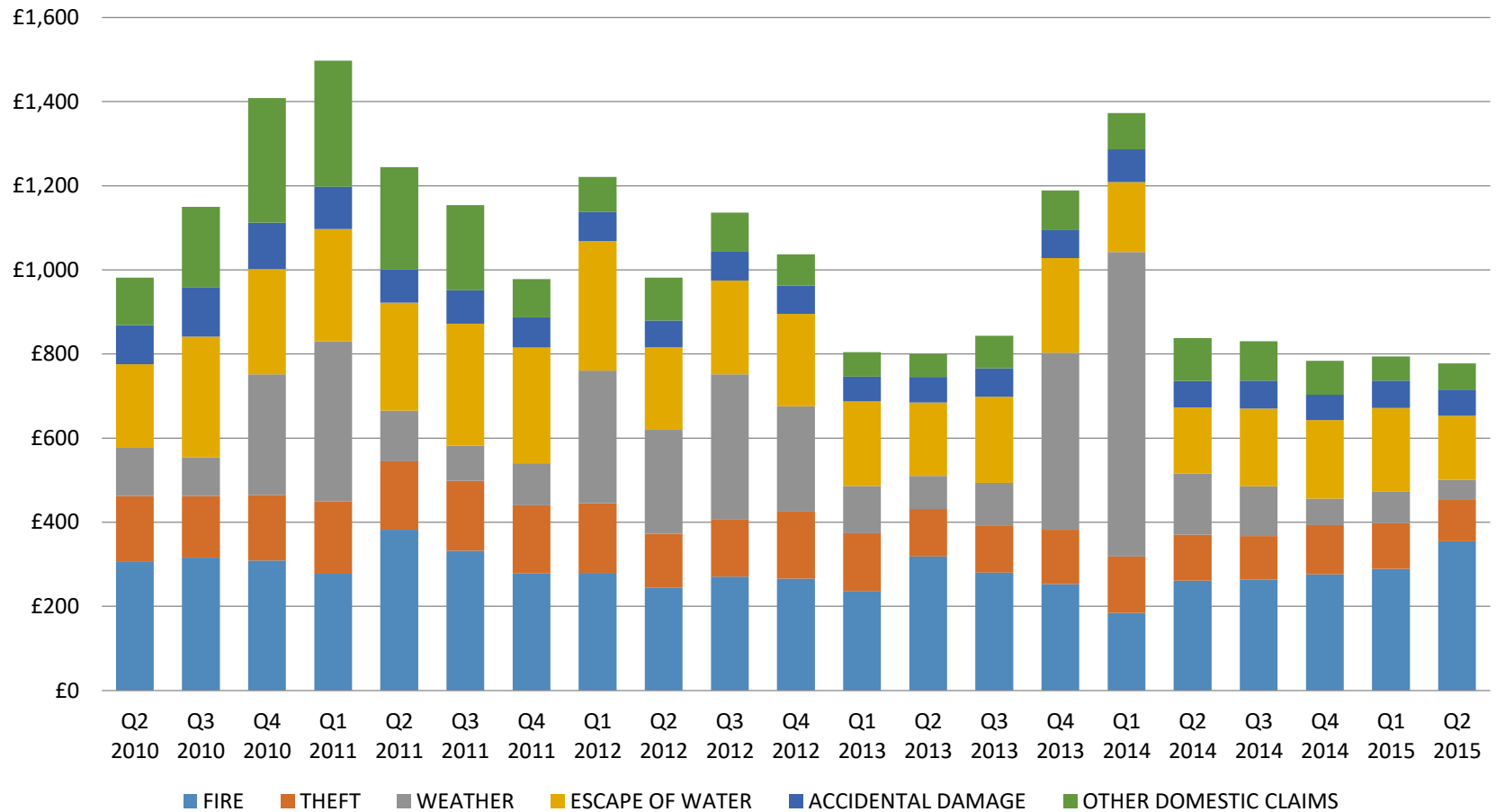
- **To better understand the impact of the peril on the UK property insurance market**
- **To determine the principal causes of escape of water and the reasons for both high frequency and claims cost**
- **To be familiar with the actions being taken in the UK market to combat the issue, including the emergence of technological solutions**

Zurich Property Major Loss Team

- Created in 2001
- Recognised need for a bespoke approach to major & complex losses (current threshold £250,000 MD / BI)
- Small dedicated team of experienced Property Claims experts covering the UK and overseas, and providing “cradle to grave” handling
- Mobilisation of a properly resourced team from day one so as to support the customer
- Established longstanding relationships with specialist loss adjusters & solicitors experienced in major losses
- Proactively direct and manage progress of the claim
- Ongoing management of recovery/subrogation aspects
- Act as a conduit to the business – management, finance/actuarial, underwriting, risk surveying / engineering, broker relationship management, sales, etc

ABI Statistics

Gross Incurred UK Property Claims Split by Peril, £m

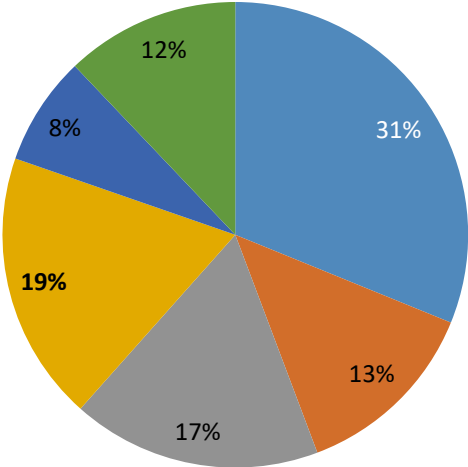


ABI Statistics

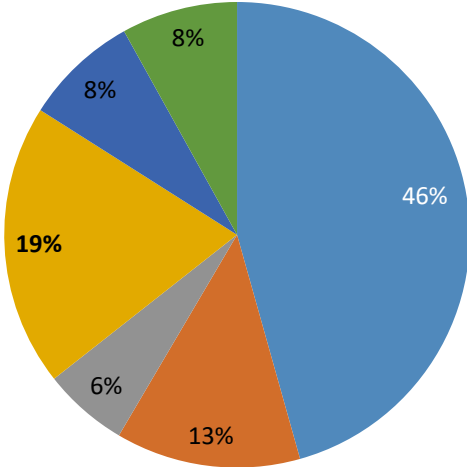


Property Claims Split by Value

Q2 2014



Q2 2015

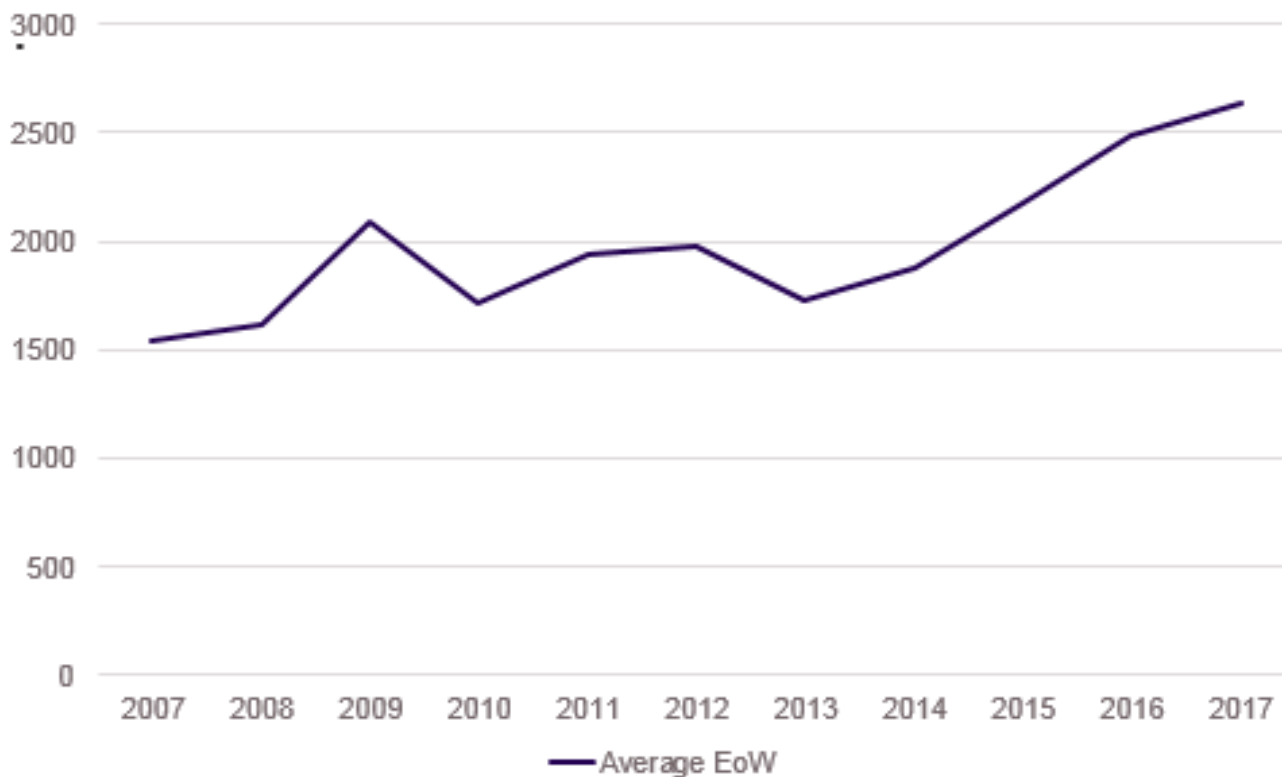


- FIRE
- THEFT
- WEATHER
- ESCAPE OF WATER
- ACCIDENTAL DAMAGE
- OTHER DOMESTIC CLAIMS

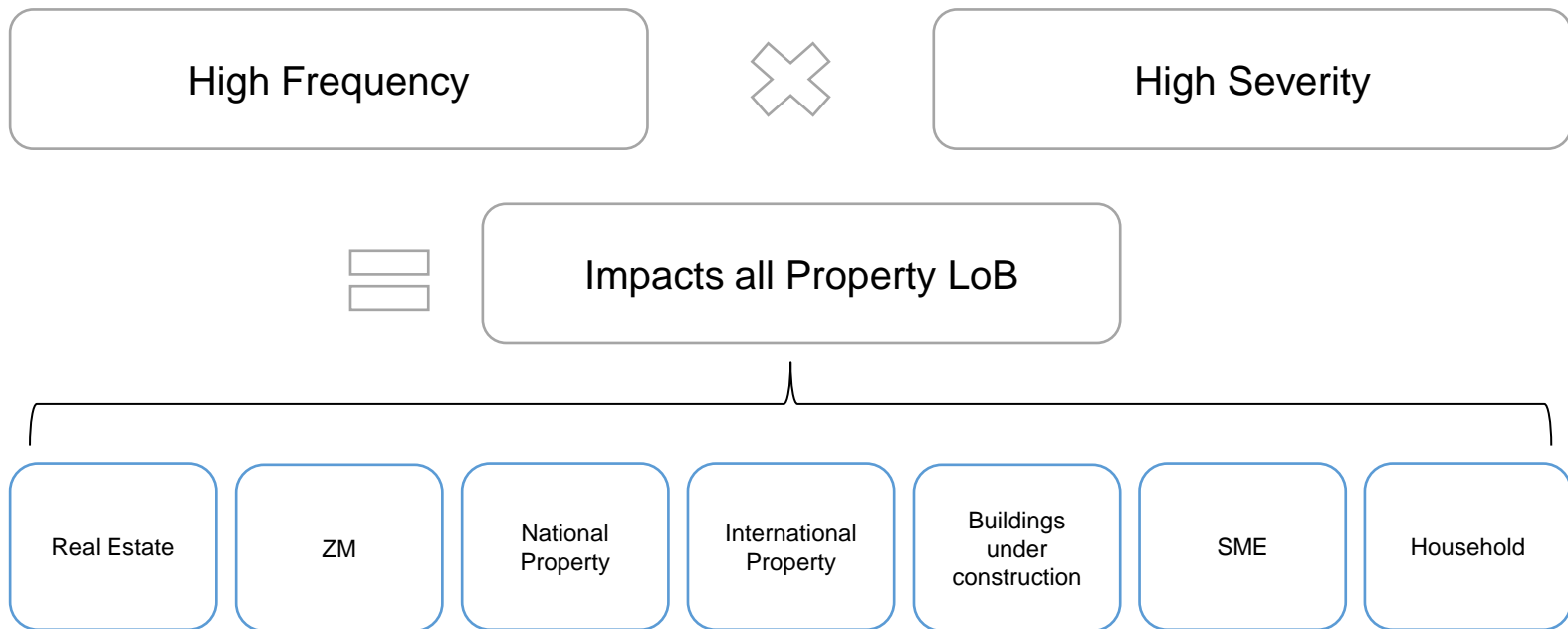
Association of British Insurers



Escape of water average claim cost



The Overall Impact



Causes & Influencing Factors

- Contemporary Lifestyles



2. Current Climate – Economic & Natural



3. Construction & Workmanship

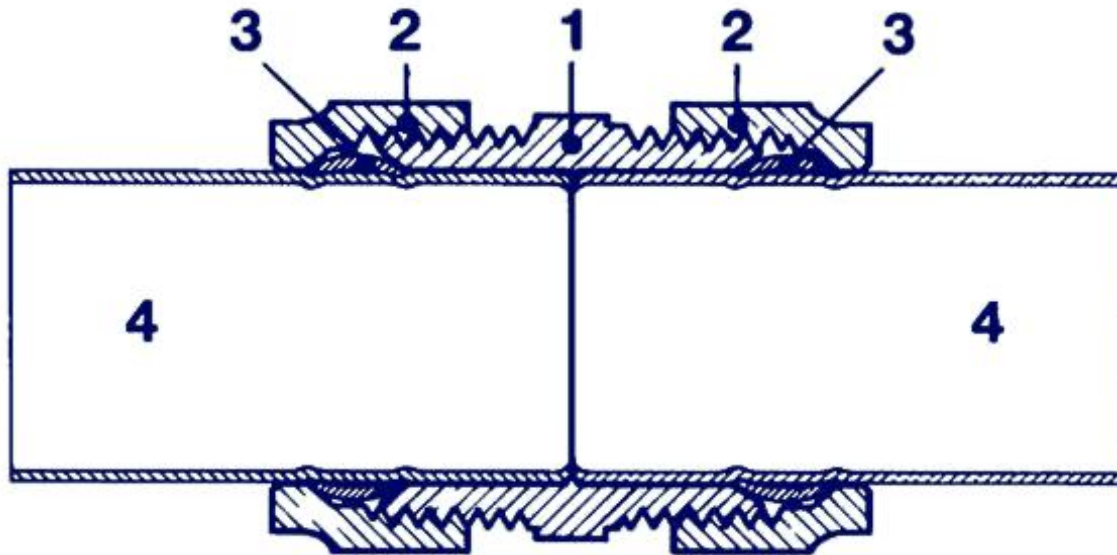


Case Study

- Residential development in central London
- Purpose built circa 12 years ago
- 6 floors with over 20 flats across multiple blocks
- Mixture of 1,2 & 3 bed units



A typical pipe joint



1. Fitting Body
2. Capnut

3. Compression ring
4. Tube

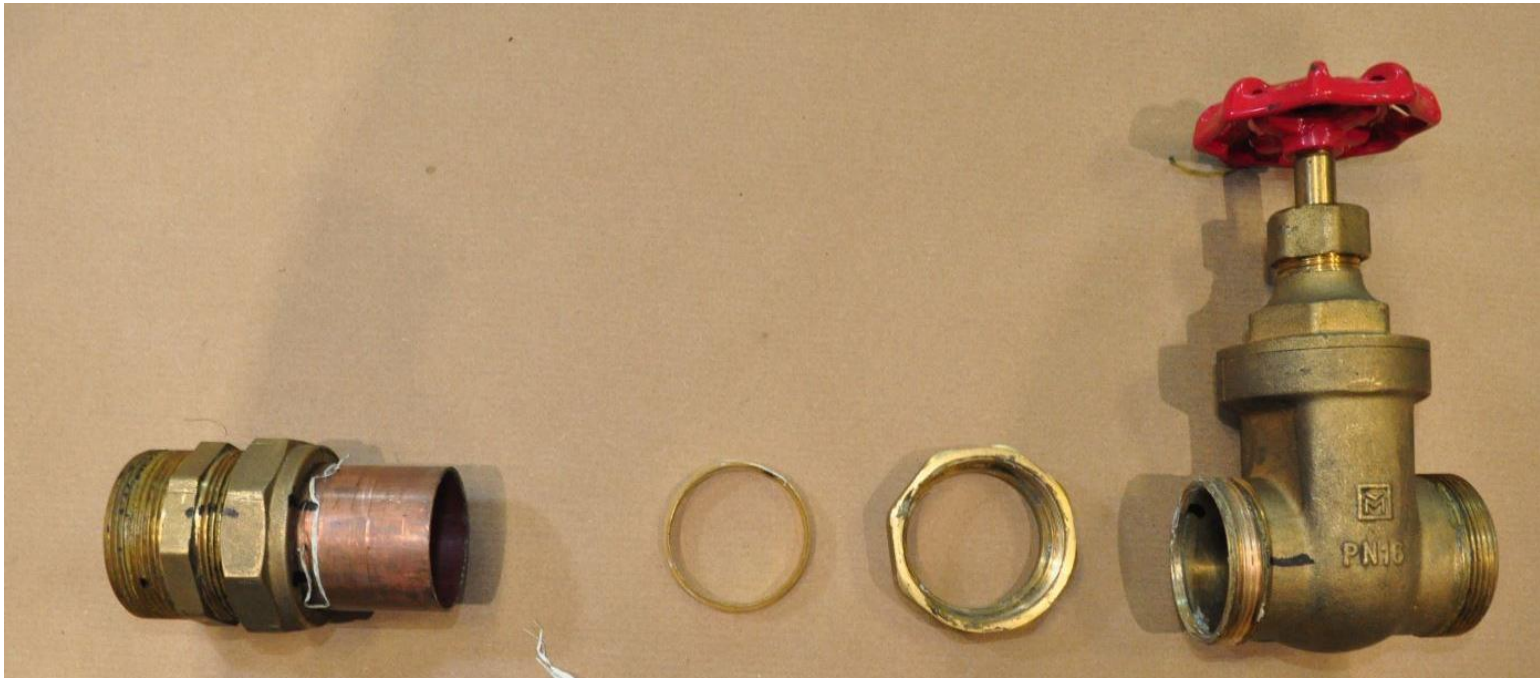
The point of origin & the damage



Déjà vu?



The offending joint/pipework



A Messy Business



It's Not Just Leaky Pipes



Where There's Water There's Brass



Modern Construction Methods



A modern solution to London's housing crisis?

November 5, 2018

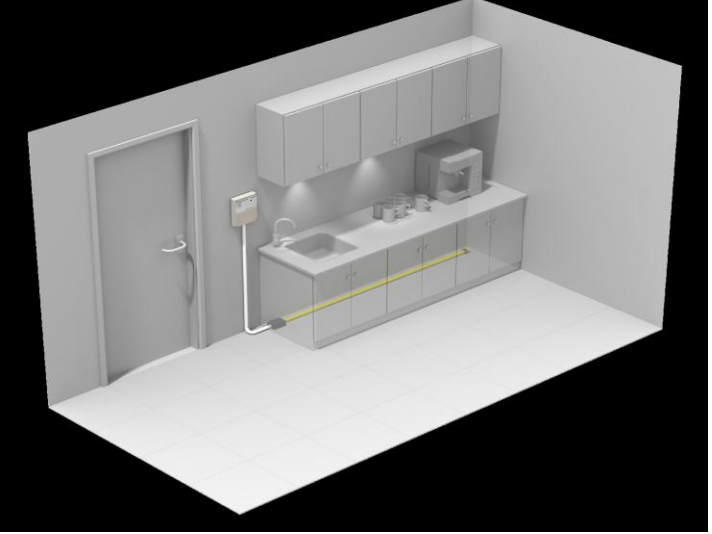


RICS urges industry to embrace Modern Methods of Construction

September 18, 2018



The Future?



Devices

Basic Components

Detectors

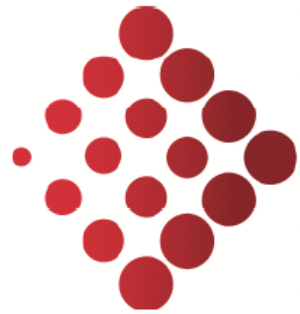
Transmitters

Flow Monitors

Control Panels

Isolation Valves

Digital platforms



RISC Authority



Insights

Real Estate



Water damage in commercial residential properties

Introduction

Water damage is one of the major causes of loss in commercial residential properties. Each year there are numerous insurance claims for damage to residential buildings and their contents caused by water.

The problem has increased in recent years through our increasing use of water in our daily lives. In the average residential property water is used in a range of domestic appliances, including: washing machines, dishwashers, water coolers, refrigerators with chilled water dispensers, etc. Also, showers with multiple heads and power showers are now commonplace. Premises adapted for people with disabilities often include wet rooms. All of these facilities represent a potential water damage risk if a failure occurs.

Many modern residential buildings are now constructed from lightweight materials which are unlikely to withstand severe exposure to water. Ornate building features and contents such as carpets, curtains and valuable paintings are particularly sensitive to water damage. Mould or corrosion can develop and they may easily be damaged beyond economical repair or salvage.

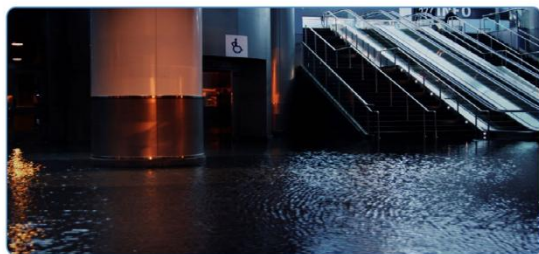
The unusual rainfall pattern seen in recent years has caused flooding in areas historically considered to be

at low risk, and both the frequency and the size of flood losses has increased significantly.

Many other losses are caused by failure of the building's internal water supply system (eg. burst pipes).

Buildings which suffer regular problems of water damage, whether it be from external sources such as rainwater ingress or flooding, or internal leaks from pipework, etc, are less attractive to tenants. They are likely to be more difficult to let and may well command reduced rental income compared to other similar buildings which do not suffer the same problems.

This Risk Insight is intended to assist Property Owners by providing information on the various ways in which water damage can occur in commercial residential buildings, and to suggest ways in which the risk of an incident and the magnitude of any subsequent consequential loss may be prevented or reduced. Although the guidance is aimed specifically at commercial residential buildings, the general principles apply just as much to most types of other commercial properties.



Risk Engineering

Zurich HelpPoint[®]

Housing risk guide Water damage in the housing sector



Water damage is one of the major causes of loss in commercial residential properties. Each year there are numerous insurance claims for damage to residential buildings and their contents caused by water.

The problem has increased in recent years through our increasing use of water and domestic appliances in our daily lives and the resulting potential water damage risk. Furthermore many modern residential buildings are now constructed with elements of lightweight materials which are unlikely to withstand severe exposure to water.

The unusual rainfall pattern seen in recent years has caused flooding in areas historically considered to be at low risk, and both the frequency and the size of flood losses has increased significantly. Many other losses are caused by failure of the building's internal water supply system e.g. burst pipes.

Buildings which suffer regular problems of water damage, whether it be from external sources such as rainwater ingress or flooding, or internal leaks from pipework, etc, are less attractive to tenants.

Identified below are various ways in which water damage can occur in residential buildings, with suggested ways in which the risk of an incident and the magnitude of any subsequent consequential loss may be prevented or reduced.

Rainfall – building maintenance

The fabric of the building must be well maintained to protect the premises from the elements. All buildings need frequent and careful inspection. Those in elevated positions exposed to the prevailing winds, are particularly at risk from rain entry. The following regular checks are recommended:

- Check the roof and replace any loose or damaged tiles, slates, ridge tiles and flashings, including pointing around chimneys, verges and parapets.
- Check flat roof coverings are in good condition, not showing evidence of fatigue or ponding.
- Check roof gutters and downpipes are clean and free from obstructions and vegetation.
- Check all internal drainpipe systems as follows to ensure they are securely fixed, and that inspection covers easily accessible, free from obstruction and that covers securely fixed.
- Where possible check the condition of the underground drains ensuring drains are free flowing and not affected by tree root damage etc.
- Check that all gullies, gratings and drainage channels both inside and outside the building are clean and free from obstruction.

Water pipes, tanks and cisterns – protection against leakage

There are four principal causes of water loss from pipes and tanks – mechanical damage, corrosion, freezing and overflowing tanks.

The following points can help minimise the risk of leakage and to limit the effects should a leak occur:

- A regular maintenance and inspection programme should be initiated with prompt remedial action.
- Check whether pipes are located in positions vulnerable to mechanical/accidental damage.
- Check that systems such as heating pipes, are protected with suitable anti-corrosive additives.
- Check that the premises are adequately heated, pipes lagged and tanks protected from freezing.
- Check overflow pipes on water tanks and cisterns are of adequate size, and have unobstructed discharge to a suitable place (e.g. to outside the building).
- Make sure the location of the stopcock on the mains water supply is known and accessible.

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Thank you – Any Questions?

