

integrated

ISSUE 11

**CONTAINERS
OVERBOARD
- A COMPLEX ISSUE**

**IMPORTANCE
OF RISK
ENGINEERING**

**POWER CLAIMS
- THE VALUE OF A SEAMLESS
GLOBAL NETWORK**

integrated

ISSUE 11: Dec 2021



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Welcome to Issue 11 of Integrated, the magazine devoted to sharing our knowledge, experience and insights of the specialty insurance lines marketplace. Although I was very much involved in previous issues, this is my first as editor, and I would like to thank Fraser Galbraith for his support and stepping in as guest editor on the last two editions.

I joined Integra in the middle of the first UK lockdown in June 2020. Having worked for other larger adjusting companies, I was delighted to arrive at such an exciting time of Integra's growth. Based on what I've seen, the expertise, skillsets and quality of work produced here are second to none, and provide a regular source of topics and content that I hope you will enjoy and find invaluable.

Despite the challenges of living and working through the Covid pandemic, which we have all had to endure, 2021 has been a busy year for Integra. From the launch of our new brand and values, which have been positively received both internally and externally, to the increased use of IRIS, which is fast becoming an all-important tool in the early stages of claims. Our adjusting teams have evolved and expanded too, especially in Asia Pacific and the UK, as can be seen in one of the articles in this issue.

With the global insurance market's focus on Environmental, Social and Governance (ESG) criteria, and supporting the energy transition, it feels like we are on the brink of a suite of new insurance products and innovation. We look forward to working with you on these products in the future.

As always, we welcome your feedback, as this enables us to evolve, develop and adapt our content to address subjects of the greatest interest to you. So, whether it covers Integra as a whole, the services we provide, or just your thoughts and ideas of topics for future issues of Integrated, please feel free to contact me.

Finally, we hope you enjoy Integrated 11 and, on behalf of the Integra team, I would like to wish you a successful, prosperous and safe year ahead.

Best wishes,

**Doug Horne, Global Head of Marketing
and Communications**

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CONTAINERS OVERBOARD - A COMPLEX ISSUE



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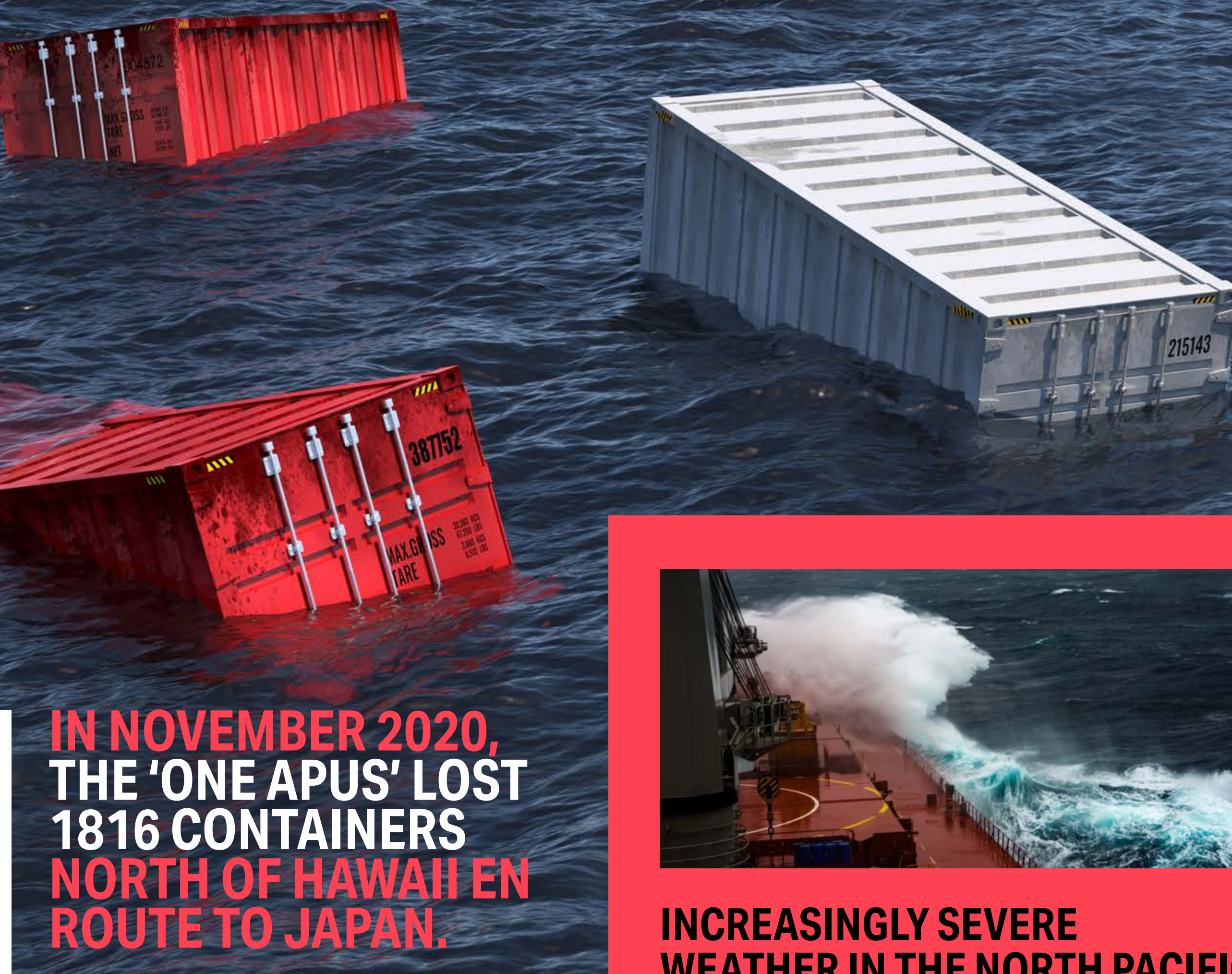
A Reverse in the Trend

Since 2011 The World Shipping Council, which represents around 80% of the world's container ship fleet capacity, has produced a report on the average number of shipping containers lost at sea per year. An annual average of 779 containers were lost from 2017 to 2019. This was against 226 million containers moved worldwide in 2019. Overall, from 2011 to 2019 there has been a decline in containers losses for each period.

However, since 2019 the trend has reversed with over 3000 containers lost overboard from seven large container vessel incidents, mostly during heavy winter weather in the North Pacific Asia/North America trade routes. The most notable were the ONE Apus which lost 1816 containers north of Hawaii en route to Japan in November 2020, and the Maersk Essen in January 2021 which lost 750 containers on passage from the USA to Asia.

SIZE MATTERS

The North Pacific losses during 2020 and 2021 mostly involved vessels built between 2010 and 2020 and of 14,000 TEU (Twenty Foot Equal Units) container capacity. These are large vessels over 360 metres in length with on-deck container bays of 20 units across and up to eight tiers high. The continuous search for economies of scale is driving the main global operators to build even larger vessels. The 2021 to 2023 delivery order book is trending to +20,000 TEU vessels at 400 metres in length, able to stack containers 24 units across.



**IN NOVEMBER 2020,
THE 'ONE APUS' LOST
1816 CONTAINERS
NORTH OF HAWAII EN
ROUTE TO JAPAN.**


Greater demand for container ship capacity

Recovery of inventories and consumer demand after the 2020 Covid-19 lockdowns created an unprecedented need for container capacity across the main trade routes of Asia to North America and Europe. Container vessels are at capacity both outward from Asia with full containers, and on the back haul with empty units.



INCREASINGLY SEVERE WEATHER IN THE NORTH PACIFIC AND ATLANTIC

There has been a recorded increase in the number and severity of storms in the North Pacific and Atlantic Oceans due to global warming. In all seven significant container loss incidents in the North Pacific in 2020-21, heavy weather conditions triggered the loss of containers overboard. The combination of bigger vessels, loaded to full capacity, transiting ocean routes with increasing frequency and severity of heavy weather is of concern to insurers across the hull, cargo and P&I markets.



**HEAVY CONTAINERS
WERE STOWED OVER
LIGHT AND THE STOW
HEIGHT OF BOTH
BAYS EXCEEDED
THE LIMITS.**

LESSONS ON THE COMPLEXITY OF CONTAINER LOSSES

From June 2018 to mid-2021, Integra was closely involved in analysing the loss of 81 containers from the YM Efficiency off the east coast of Australia. Integra was appointed to investigate the cause by a collective of major cargo insurers, and then retained by lawyers representing the Australian Maritime Safety Authority (AMSA) to provide master mariner expert witness advice in its pursuit of costs from the vessel owners, incurred in the salvage operation of raising most of the containers lost to the sea.

Once again, heavy weather resulted in a stow collapse in two container bays. This was caused by weight distribution beyond the limits of the applied container securing equipment. Heavy containers were stowed over light and the stow height of both bays exceeded the limits set in the vessel's cargo securing manual. The vessel's cargo securing analysis software was inadequate, so the crew was unable to assess the stow against the container lashing system parameters. The two bays were loaded at the last outward Asia load port, no doubt to maximise the total container uplift with limited remaining available stowage space.

In a separate appointment, Integra was asked to analyse the loss of containers from the ANL Gippsland off Shanghai in heavy weather associated with Typhoon Lekima. In that case our conclusion was that the stability condition of the vessel was a significant contributor to the loss.

Inadequate vessel stow planning

These losses highlight the challenge of container vessel stow planning through its various stages. A carrier's centralised vessel planning department will produce plans for each load port to maximise uplifts against the various vessel call port pairs and load and discharge requirements. There is little involvement by the vessel's master other than checks on assumed stability and hull torsion limits for each port call. Actual container weights are not confirmed

until containers are received at each load terminal. The final stow plan for each port call is computed by planners at the load terminal and presented to the vessel shortly before or sometime after its arrival. There are limited opportunities both in time and from economic constraint on any ability by the vessel master to challenge or alter a load plan as presented, particularly with vessels now trading at capacity. The responsibility for the vessel's cargo stow, however, still rests with the master.

The growth in size of modern container vessels and their cargoes, combined with the complex forces acting on them in increasingly severe weather, against a diminishing ability of the ship's master to assess and control the stow of containers, may require a rethink of accountability up the vessel planning chain.

MEET THE UK ADJUSTING TEAM



Leo Dixon

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"To be the first-choice adjuster in every sector we serve" is Integra's vision and the overarching theme of our future strategy. This involves enhancement of our existing offering through the development of resources, expertise and geographical reach.

The second team I'm going to focus on after introducing our recently expanded Australian team (Integrated 10) is the UK team, which has also developed in size and skill base during 2021, with several experienced adjusters strengthening our Construction and Liability propositions.

Here is an overview of the UK team's expertise, while providing some brief insights into what they like to do when they are not investigating and settling specialty lines claims. **Meet the team...**



Phil Durrant

Managing Director – EMEA

Phil is a Chartered Loss Adjuster and Managing Director for the region. He specialises in energy, construction, engineering, power and specialist liabilities.

Phil is into blues and jazz music and, if he had the chance, would have invited Lauren van der Post to a dinner party as he led a fascinating life particularly his time with the Bushmen in the Kalahari.



Andrew Evans

Head of Construction, EMEA

Andy is a specialist CAR/EAR loss adjuster handling claims in both the construction and operational phases, including DSU/ALOP. He has experience in sectors including residential and commercial developments, civil engineering, tunnelling, waste water treatment works, power generation & transmission, and oil & gas.

Being a keen swimmer, especially open water, Andy would invite Michael Phelps to a dinner party, so that he could understand his mindset, what drove him, and how he found the desire to keep putting in the work for so long without his performance suffering.



Mark Ball

Maritime Civil Engineer

Mark is a senior civil engineer with over 30 years' experience of the design and construction of major international multi-disciplinary projects such as ports, harbours, marinas and road tunnels, including design, site supervision and management.

The late John Peel, the English DJ, radio presenter, record producer and journalist, had a huge influence on Mark's teenage years and his life-long love of 'alternative' music.



Ross McClellan

Loss Adjuster

Ross is the latest addition to the UK team having only joined at the beginning of November. He has 20 years' loss adjusting experience, specialising in commercial property, including business interruption.

Ross's favourite cuisine is Indian and, if had the chance, would love to invite Keith Richards from the Rolling Stones to dinner, for the entertaining stories he could tell.



Matthew Biggleston

Loss Adjuster

Matt has 12 years' experience in insurance, having commenced his career with a UK general insurer before moving into loss adjusting and handling injury and third-party property damage claims. These included underground services, escape of water, fire, accidental damage and impact. He joined Integra in 2021.

Matt is an avid weather geek and, up until 2013, would go storm chasing in the US to catch the perfect tornado photograph. With a young family, he has had to put this on hold, although he still chases storms in the UK – but it just doesn't have the same appeal.



Fraser Galbraith

Engineering Adjuster

Fraser is a civil and environmental engineer who began his career as a project engineer for an engineering services organisation, before utilising his engineering expertise and leading a team to develop infrastructure projects in Africa and Asia. Fraser joined Integra in 2019 focusing on construction & engineering (CAR & EAR), and oil, gas & petrochemical.

Fraser is a keen sportsman and loves attending live sporting events, no matter what the sport as long as there is an atmosphere and competitive game! His favourite cuisine is anything from a food truck, as everything tastes better prepared fresh from an old dirty food truck. He dreams of a perfect day with a food truck breakfast, watching Scotland win the Rugby World Cup, followed by a warm, sunny midge-free hike of a west coast of Scotland munro (mountain).



Laurence Goodliffe
Chartered Loss Adjuster

Larry is a Chartered Loss Adjuster with over 40 years' experience in the construction & engineering sectors. During his time at Integra, he has handled instructions associated with major infrastructure, mass transit systems and other civil engineering projects.

Larry loves his sport, whether that is watching his local football club of Bristol City or playing a round of golf. Having spent seven years in Bangkok it is hardly surprising that Larry's favourite cuisine is Thai, and he added that his time travelling and living overseas with work was an incredible experience and an invaluable education.



Phil Poetter
Engineering Adjuster

Having begun his career as an Offshore/Upstream Engineer, Phil moved into insurance as an Upstream Energy Underwriter before joining Integra. He focuses on construction, upstream and renewable energy claims.

Phil's interests include mountaineering and music, with his favourite genre being Oompah with some gritty guitar riff sprinkles. He once spent two days at the 2009 Venice Biennale as part of the UAE royal delegation and had breakfast with Yoko Ono.



Szen Ong
Engineering Adjuster

Szen is a professional Mechanical Engineer, who worked in the energy sector for 20 years before entering the loss adjusting industry. He has dealt with offshore windfarm projects in the renewables sector, specifically in the design and analysis of infield and export cables for offshore windfarm array configurations.

Szen loves to tinker with things to find out how they work and, having been a single figure handicap golfer in his younger days, would love to have joined the Spanish maestro Severiano Ballesteros for tapas and sangria.



Alison Hazell
Senior Loss Adjuster

Alison is a Chartered Surveyor who developed her professional experience in the commercial property arena in both London and Glasgow. She specialises in construction and engineering losses, including DSU/ALOP claims within areas such as manufacturing, commercial developments, power generation plants, and civil engineering and tunnelling projects.

The one fact that no one knows about her, until now obviously, is that she embarrassed her eldest son by attending the same university as him, at the same time and in the same faculty.



Steve Norrington
Chartered Loss Adjuster
& Chartered Engineer

Steve is a Chartered Loss Adjuster and Chartered Engineer who specialises in major property and construction losses within the power generation, oil refinery and petrochemical sectors.

You may not know this, but Steve was a child genius, peaking at the age of seven when he "reinvented" the Gauss Summation Method (true), but sadly resting on his laurels thereafter, never reached his full potential, settling instead on a life in loss adjusting. A great loss to the world of quantum physics.



Neil McCraney
Loss Adjuster

Neil has over 25 years' insurance experience, commencing his career at a UK insurer as a Property and Personal Injury Claims adjuster before transitioning to become a Loss Adjuster. Neil specialises in inherent defect, construction, and personal & employers liability losses.

Although Neil is quite a private man who has the inherent dislike of answering questions about himself, he still managed to very kindly tell us that his perfect day would involve a relaxing dog walk, playing with his children, watching some football and finish off with a Thai takeaway in the evening.



Anton Webber
Loss Adjuster

Anton trained and worked as a Property Adjuster in the Cape region of South Africa before moving to the UK. He has extensive experience handling losses involving commercial property, contract works, constructional plant and third-party property damage.

Anton loves Italian cuisine and listening to rock music with a dash of heavy metal. He plays cricket, coaches rugby, surfs and spends a fair amount of time at the gym.

**THE TEAM RECEIVED
197 NEW CLAIMS
IN 2021**

**40% ARE
CHARTERED LOSS
ADJUSTERS**

SUPPORTING THE ENERGY SECTOR



Szen Ong

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The energy sector remains an important area for Integra and in October and November we were delighted to be able to support and participate in two large energy conferences in London – Energy Insurance London and Onshore Energy London.

The buzz at both events was unbelievable possibly due to the novelty of returning to live in-person events, at least in London, and the opportunity of catching up with old and new friends in the market was realised. Understandably, both events had a focus on renewable energy.



Energy Insurance London was first out of the blocks, and Integra's CEO Leo Dixon hosted a panel session on the Cyber Threat to the Energy market. He was joined by Georgina Williams from Munich Re, Daniel Leahy from Howden Group and Matthew Lane from X-Cyber Group, and the Colonial Pipeline Cyber attack from earlier in the year as a case study. More of this can be found in the article on [page 8](#).

OEC

At Onshore Energy Conference, we hosted a breakfast seminar that preceded the main conference. With a full house in attendance, Integra's Phillip Moretti (Managing Director, USA) and Szen Ong (Engineering Adjuster) were joined by Kevin Miller (Liberty Specialty Markets) and Michael van Bergen (Marsh) for an interesting discussion around the series of events and the challenges involved in handling claims from the unprecedented power crisis caused by a series of winter storms in Texas back in February of this year. More on this subject can be found in [Integrated 10](#).



ENERGY CYBER THREAT



Doug Horne

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Our CEO, Leo Dixon, moderated the Energy Cyber Threat session at the Energy Insurance London 2021 Conference in October, which featured a panel of experts: Georgina Williams (Senior Cyber Underwriter, Munich Re), Daniel Leahy (Senior Account Executive, Cyber & Technology Solutions, Howden Group) and Matthew Lane (Director and Co-Founder X-Cyber Group).

The panel discussed the cyber-attack on the Colonial Pipeline Company (operator of the Colonial pipeline) on 7th May 2021. This article highlights the characteristics of the attack and explores some key observations.

THE PIPELINE

The 5,500 miles (8,850 km) long Colonial Pipeline consists of two tubes capable of carrying 2.5 million barrels of fuel per day between Texas and New York. This equates to 45% of the US East Coast's fuel requirement, including petrol, diesel, home heating oil, jet fuel and military supplies.

5,500 MILES (8,850 KM) LONG
CARRIES 2.5 MILLION BARRELS OF FUEL PER DAY
PROVIDES 45% OF THE U.S. EAST COAST'S FUEL

CHRONOLOGY OF EVENTS

7th MAY



A statement appeared on the Colonial Pipeline Company's website confirming it had suffered a cyber-attack. Using compromised credentials (eg usernames and passwords), cybercriminals accessed its Internet-facing IT systems, and installed and executed ransomware including the company's financial system servers. While its Operational Technology systems (OT) were not impacted, to prevent the cybercriminals from moving laterally across the network which could have threatened the safe operation of the pipeline, Colonial pro-actively shut down the entire pipeline. Only hours after the attack, the Colonial Pipeline Company paid a \$4.4m ransom in Bitcoin to DarkSide, a notorious cybercriminal group.

The FBI, Department of Energy, and Department of Homeland Security's Cyber and Infrastructure Security Agency were all involved in investigating the incident, which was also reported to President Biden.

9th MAY

The company was able to restore the operation on some smaller lateral lines between terminals and delivery points.

10th MAY

DarkSide published an apology on their website claiming its partners were responsible for the attack's consequences:

"We are apolitical, we do not participate in geopolitics, do not need to tie us with a defined government and look for other our motives. Our goal is to make money, and not creating problems for society. From today we introduce moderation and check each company that our partners want to encrypt to avoid social consequences for the future."

12th MAY

The operator initiated a restart of the pipeline.

13th MAY

The operator resumed fuel deliveries in most of its markets but warned it would take some time for the product delivery supply chain to return to normal. President Biden signed an executive order to strengthen the US Government's cyber capabilities.

14th MAY

DarkSide's developers announced they had lost access to part of their infrastructure. They claimed the ransom money, including their own and 'client / affiliate monies' had been moved to an unknown address. Whilst they promised to pay monies to their clients / affiliates by 23rd May 2021, they announced that the service and the 'affiliate program' were discontinued. Georgie Williams of Munich Re made the point that this would only be a temporary interruption for these cybercriminals; **"the expectation is they will reappear under a new name within months."**

WIDER CONSEQUENCES

The pipeline shutdown and resulting suspension of fuel supplies led to increasingly dramatic consequences and 17 states declared a 'state of emergency'. Media coverage showed long queues at fuel stations as consumers started to panic-buy, fuel prices spiked and supplies ran dry. At one point during overnight trading, futures hit their highest level in nearly three years as traders assessed the impact on the largest pipeline carrying fuel from the Gulf Coast to the Northeast. Ultimately, the FBI retrieved 50% of the original ransom payment. Dan Leahy of Howden Group commented on this successful recovery.

"This is the first time we've seen traceability of cryptocurrency, which is good news as it acts as a deterrent to ransomware gangs."

Employees and civilians at risk

Clearly, in the case of the Colonial Pipeline Company attack, DarkSide's aim was to extort money rather than force a shutdown of the pipeline or precipitate knock-on disruption. But what we can say with near certainty is that DarkSide won't be the last cybercriminal gang to hack into an energy company and cause unintended consequences. The clear and present danger for the energy industry is the threat of cybercriminals not only interrupting their business operations, but putting the lives of employees and civilians at risk to quench their thirst for ransom payments.

"THIS IS THE FIRST TIME WE'VE SEEN TRACEABILITY OF CRYPTOCURRENCY, WHICH IS GOOD NEWS AS IT ACTS AS A DETERRENT TO RANSOMWARE GANGS."



**17 US STATES
DECLARED A 'STATE
OF EMERGENCY'.**

The panelists, left to right:

Leo Dixon – Integra
Daniel Leahy – Howden Group
Georgina Williams – Munich Re
Matthew Lane – X Cyber Group



CONCLUSION: MORE SOPHISTICATED ATTACKS

The International Energy Agency cautions that threat actors are becoming increasingly sophisticated at carrying out attacks, both in their ability to identify system vulnerabilities and maximise destructive capability. Matthew Lane of X Cyber Group opined:

"Suggesting you're not a target is simply redundant thinking if you are using a computer of any type."

Leo Dixon of Integra concludes:

"For energy, and indeed all industrial and manufacturing companies, it is imperative they have certainty on the extent of the links between their IT and OT systems, such that 'when and not if' they experience a cyber-attack to their IT system, they know categorically to what extent their OT system is at risk."

DOES THAT CONTAMINATION WARRANT A RECALL: JUST WHAT IS THE THREAT?



Thomas Pasley

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When food products pose a threat to public health, a rapid response is required to closely manage the ensuing recall and liability claims. But sometimes, the most complex question is: how real is that threat? Thomas Pasley, Technical Director at Integra Technical Services offers some observations and examples.

A major challenge of product recalls is failure to take the problem seriously or eliminate the risk of ongoing recalls by responding insufficiently or too slowly. Given the ever-growing list of seemingly banal events that can generate a recall, it is easy to be caught napping. Gauging the appropriate response is the immediate conundrum. We also have to consider whether a recall constitutes an insured event under the terms of most recall insurance policies.

When it comes to a trigger, most recall policies require the cause (such as contamination, foreign material or mislabelling) to result in bodily injury or property damage within a specific period, usually 12 months. These definitions may seem straightforward. Surely, we can all recognise injury, illness and property damage. But, as real-life case studies show, such assumptions can often prove to be naive.



As safety standards and the detection of unwanted materials such as glass, bacteria, mould and allergens improve, the awareness of all parties in the supply chain, and those administering consumer protection rules, is becoming heightened.

When pieces of glass or metal enter products, there is an obvious, albeit small, risk of ingestion injury or product damage. These hazards are easy to understand because we can see the contaminants. But often, the causes of recalls are micro-organisms and constituent parts measured in just a few parts per million (ppm) which are invisible to the human eye.

A MAJOR CHALLENGE OF PRODUCT RECALLS IS FAILURE TO TAKE THE PROBLEM SERIOUSLY.

WHAT CONSTITUTES AN EVENT?

Below are some example scenarios in which stakeholders have to decide what constitutes an 'event'. In each case, a product can only be considered contaminated if it can be proved it has caused, or would cause, harm to people or property.



Wine bottle screw cap seals

The pvdc inner seals inside the screw caps of wine bottles act as a seal and may stick to the top of the bottle and 'pop off' when opening. A wine producer is concerned that the seal could cause an eye injury or be accidentally swallowed. After an increase in these incidents in a particular vintage, the distributor is no longer prepared to sell the wine in the US, intends to withdraw it from sale and claim under their recall cover.

Could the risk identified possibly come within the particular wording - an "impairment" that might cause injury within 12 months? The insurer takes a more cautious approach and meets the claim up to the policy limit.



Gluten-free foods

Whilst many people choose a reduced-gluten diet, a small sub-set is allergic to gluten at varying levels, or has Coeliac disease. The effects of gluten vary for individuals. The definition of 'gluten-free' also differs between jurisdictions. The FDA suggests that levels of gluten below 20 ppm constitute 'gluten-free', whereas in New Zealand and Australia, the limit is stricter at 3ppm. The measure, if regulated at all, differs across the world.

When an Australian manufacturer's tests find that its gluten-free products contain 7ppm of gluten, this clearly breaches national rules. The product is effectively mis-labelled and cannot be sold. Would 7ppm, which the FDA considers gluten-free and harmless, cause injury or illness in the next 365 days?



Bacteria levels

Facial cream is made from a 'milk' base. After six months of testing, with cream applied via fingers or a swab, bacteria levels elevate slightly to 200ppm. Higher bacteria levels put the cream outside specification, so it is recalled on the premise that if a user had an open face wound, the bacteria could cause an infection. This is correct in one respect, yet the natural level of bacteria present on the face, let alone hands, of an average person would be many times higher.



Pathogens

Pathogens are illness-inducing bacteria. Listeria (L) is an organism with a very bad wrap, especially for pregnant women, and Monocytogenes is one of the worst strains. L Innocua is another gram-positive strain with rod-shaped bacteria. The name 'Innocua' suggests it is innocuous and not a pathogen. Listeria is an assumed pathogen that clearly triggers the definition of accidental contamination, but what if only Listeria Innocua is present? The devil is very much in the detail.

Whilst claims such as these are accepted by the market, each event will turn on its merits. The market may not continue to take the same view, or opt to widen wordings to remove the necessity for a risk of physical injury or damage. Such a change would provide much broader cover than exists as standard currently.

INSIGHTS AND GUIDANCE FROM EXPERIENCED ADJUSTERS

So, what does this tell us beyond the need to engage quickly and meaningfully with your client to fully understand their position, risks and exposures, and assist with potentially difficult decisions? You can't make decisions for an insured, but adjusters with experience of recall claims can offer invaluable insight and assistance.

Experienced crisis-management adjusters bridge the gap between statutory requirements, commercial drivers and insurance cover, and help to appraise the crisis faced, exposures at hand and how the policy may or may not respond. All insurance policies require the insured to act as if uninsured. By guiding them through the potential outcomes of the loss they face, adjusters can help to set the right expectations at the right time, and minimise any potential polarisation in the event the recall policy does not respond to the loss. Just how to do that is a whole new topic.

THE IMPORTANCE OF RISK ENGINEERING ON A CONSTRUCTION INSURANCE POLICY



Paul Latimer

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"INTEGRA RISK SERVICES WILL BE OFFICIALLY LAUNCHED AT THE BEGINNING OF 2022"

Integra has been providing technical loss adjusting services to the construction and energy insurance market for more than 23 years. In that time, we have seen at first-hand how the success of projects can be directly influenced by an effective programme of risk engineering activities. Integra Risk Services Managing Director, **Paul Latimer** talks to Integra Head of Marketing & Communications **Doug Horne** about why Integra has decided to create a risk services business and in the first instance provide risk engineering management for construction projects, no matter their size or geographical location.

Doug: Paul, tell us a bit about yourself?

Paul: I graduated with a masters degree in Civil Engineering, Design and Management. Then I joined the insurance market, working within the construction team at Willis before moving on to JLT. After 10 years as a broker, I moved into underwriting. I set up the construction and engineering portfolio at Catlin before moving to Travelers to establish their international construction portfolio. I joined the Integra leadership team in September to head up the risk services business and help to grow its long-established loss adjusting practice. Integra's hard-earned reputation as a trusted partner to insurers and brokers feels like the perfect foundation for a complementary risk engineering offering.

Doug: Why is risk engineering so important?

Paul: There's no doubt that the importance of risk engineering is well recognised by all those involved in the sector, especially on construction policies. It gives insurers an expert view of

the exposures on the project they are insuring. And gives the insured access to the insurer's and the risk engineer's previous experience across many similar projects.

Doug: So why isn't it taken up more frequently then?

Paul: Good question. Basically, to be really effective, a risk engineering programme needs significant time, effort and input from people who are appropriately qualified. This typically falls to a lead underwriter, but inevitably eats into their time and diverts them from their principal role. Even where an insurance company has its own in-house engineers, they are often fully occupied with operational programmes. It takes time to identify, plan and engage with independent risk engineers, so surveys simply aren't carried out in a number of cases. This has been the situation in insurance for as long as I've been in the industry, and quite possibly many years before.

Doug: So is there a solution?

Paul: If you can find a way of removing the day-to-day management of these programmes, opening a flow of information to and from the risk engineers, and managing the payment process, then lead underwriters can make sure that many more surveys are carried out. And do this without being distracted from their principal everyday activities.

Doug: And I guess that is where Integra comes in?

Paul: That's right. I've joined Integra to set up a risk services business with exactly that purpose. Here I can combine my broker and underwriter experience with the expertise and knowledge of Integra's technical loss adjusters. Integra Risk Services offers outsourced risk engineering management to the construction and engineering markets. We do

this through a fully costed formal programme of risk engineering activities developed for the duration of the project. This includes, amongst other things, a full review of project information, loss insights and lessons learnt, a detailed proposal for risk engineering in line with LEG (London Engineering Group) Protocol, monthly collection of progress reports and schedules, collection and payment of fees with full audit trail, and also, very importantly, the mechanism to return unspent fees to the markets.

Doug: What does this mean for brokers and insurers?

Paul: Risk engineering is a really valuable tool for demonstrating to management or treaty reinsurers that insurers are carefully monitoring their live portfolio. It also helps with project programming as risk engineers can flag up any anticipated delays to the overall completion date. This can benefit brokers and insurers with time savings of over 120 man-hours associated with programme development, fee management and administration. Also, insurers can expect cost savings averaging 20%, as only the detailed budgeted fee is utilised, with the balance returned to participating insurers.

Doug: Is this service available now?

Paul: Integra Risk Services officially launches at the start of 2022, but our services, process, and systems are already in place, and we now have five live risk engineering management projects. So if anyone wants to find out more about how we can help, I'm more than happy to discuss.

POWER CLAIMS

- THE VALUE OF A SEAMLESS GLOBAL NETWORK



Tony Chapman

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As an adjuster who handled a regional portfolio of claims prior to the onset of Covid-19, I would generally be on a plane most weeks, either to appointments for new claims, repair workshops or meetings to conclude outstanding claims. But the abrupt cessation of travel arising from countries closing their borders meant that we had to come up with some innovative workaround solutions.

Integra was at the forefront of overcoming these barriers with the introduction of IRIS, our remote inspection solution. But, although IRIS became an indispensable inspection tool during travel lockdowns, its use on some power claims was more challenging. Typically, this was due to occasional connectivity issues in turbine halls or commercial sensitivities from the insured or repair providers. However, two claims I worked on at this time required an inspection, come what may.

WHILST TRAVEL FROM ASIA WAS NOT POSSIBLE, WE WERE ABLE TO QUICKLY BRIEF EXPERIENCED EUROPEAN COLLEAGUES WHO COULD TRAVEL.



CASE 1 SCENARIO

- The insured faced difficulties with accessing a vendor to repair the turbine
- As a solution, the repair vendor was switched from Asia to Europe
- Neither the handling adjuster, consultant nor insured could travel to the repair site
- It was acknowledged that there were potential coverage issues which could not be determined until the machine had been stripped down and inspected

It was very important that the turbine was inspected by the consultant and an adjuster as soon as it was stripped down. Unlike other adjusting companies, Integra promotes shared file ownership. Whilst travel from Asia was not possible, we were able to quickly brief experienced European colleagues who could travel, and they attended in the absence of the handling adjuster.

Day one on site was followed by late-night calls with the insured to share photographs, raise queries and discuss findings. These were followed by a further visit to the depot to ensure that all outstanding queries were answered. The paperwork from the repair vendor took a while to catch up but when it did, the adjustment process was easy thanks to the foundation work. As a result:

- It was acknowledged at the outset that the machine would have adjustments to the repair costs to reflect non-damage related issues. By completing the inspection in this way, we were able to openly and easily agree the scope of the proposed adjustments with the insured. This led to a significant reduction in the lifespan of the claim (with associated handling costs) and a multi-million dollar saving on the adjustment compared to the repair costs incurred
- The insured understood and accepted all of the proposed adjustments
- The insurers had knowledge that, despite the challenges, the claim was handled with suitable technical expertise
- The claim was settled amicably and much faster than if the information had been pieced together after the event. From receipt of the paperwork to discussion, conclusion and payment of the claim took only a few weeks, instead of the many months anticipated

CASE 2 SCENARIO

- The turbine failure occurred in central Asia
- On-site repair was not possible due to Covid-19 travel restrictions
- The insured/OEM decided to send the turbine to India for repair
- The adjuster and consultant were unable to travel

Inspection of the turbine in its home country using IRIS gave us an accurate assessment of the scope of the damage. The key issue for consideration by the insurer was that repairs should be completed as swiftly as possible, as there was a significant daily business interruption claim. To keep a check on repair progress and ensure that no nasty surprises arose, we engaged our strategic alliance partner, Mehta & Padamsey, to undertake weekly inspections during the repair works. This ensured the work stayed on schedule and that any issues arising were dealt with in real time.

The insured and insurers/reinsurers were delighted with the enhancement of information available and the knowledge that the original repair timelines and loss reserves would be met. The adjusting was proactive, informative and cost-competitive. Any lost time would have incurred business interruption costs of several hundred thousand dollars per day, so this proactive approach was considered an essential investment by all interested stakeholders.

**CHALLENGING TIMES ALWAYS
REQUIRE INNOVATIVE
SOLUTIONS, A SPECIALISM
OF THE INTEGRA TEAM.**



Large losses require specialist loss adjusters

The restrictions of Covid-19 can create significant obstacles for Integra's power claims adjusters, making direct access to incidents difficult or even impossible. Despite these challenges, Integra was able to handle both the above claims successfully and to the satisfaction of all parties.

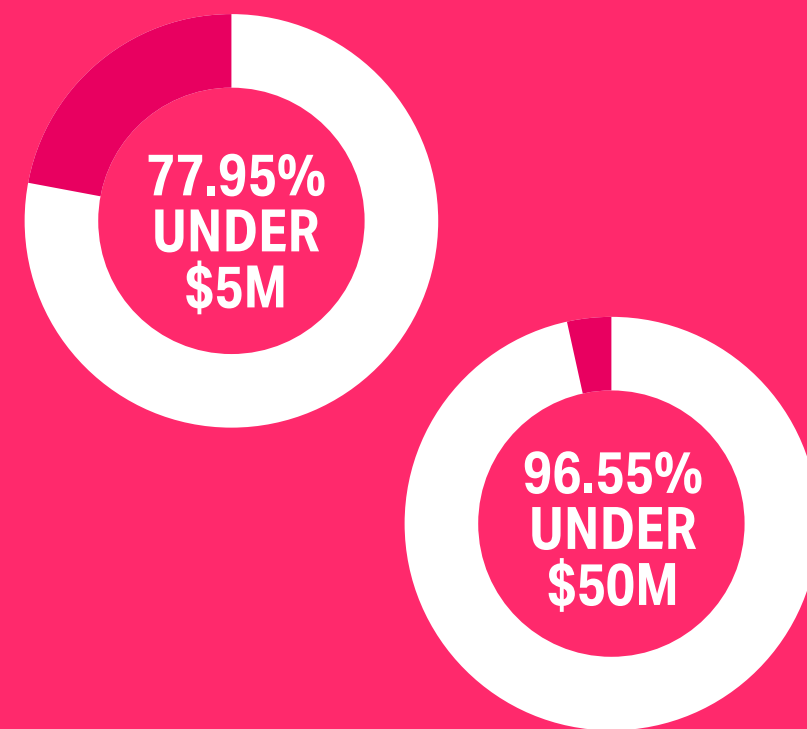
The breadth and depth of skills of an Integra adjuster are significantly above average due to the nature and complexity of cases handled. This means that all adjusters are versatile and able to meet the expectations of a handling adjuster with minimal guidance, even when operating outside their normal areas. Are these types of solution always a viable substitute for an in-person visit from an expert Integra power claims adjuster? Definitely not. Large losses require specialist loss adjusters who have lived and breathed their areas of expertise for many years and come with considerable technical knowledge and experience. But challenging times always require innovative solutions, a specialism of the Integra team.

GROWTH FOR INTEGRA IN 2021

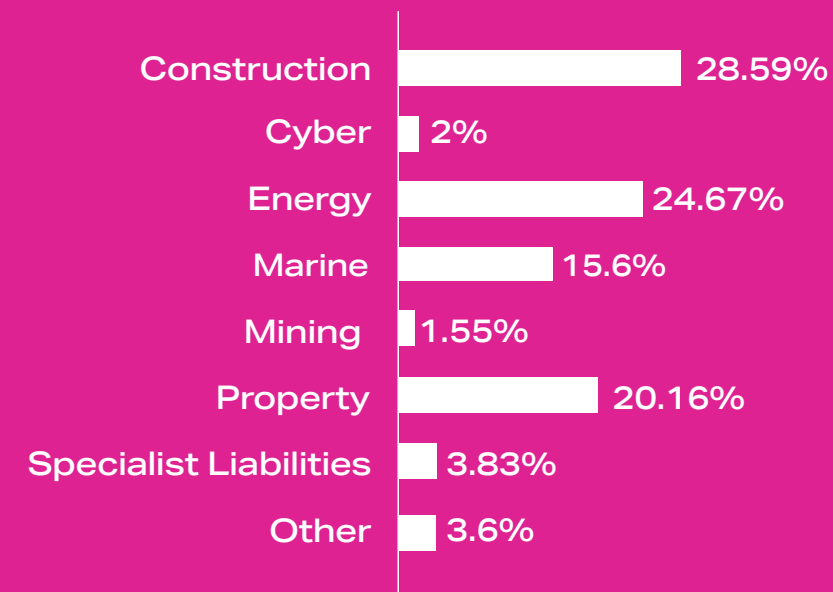
This year has seen the addition of more offices, partnerships and expert staff than ever before.
[integratechnical.com](https://www.integratechnical.com)

730 NEW CLAIMS RECEIVED IN 2021

CLAIMS INSTRUCTIONS:



% CLAIMS SETTLED BY SECTOR 2021



OUR PEOPLE

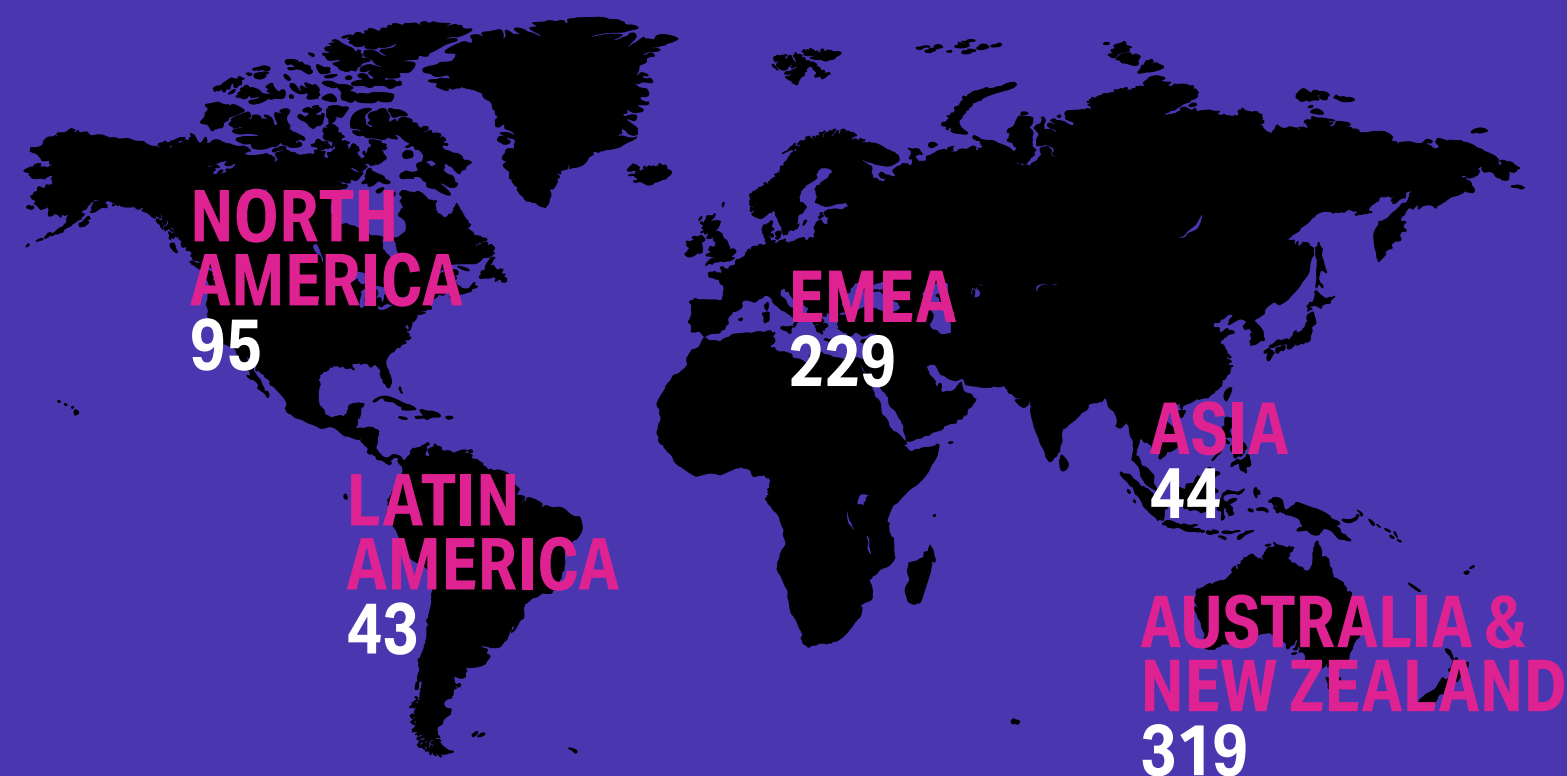


SENIOR RECRUITS:



INSTRUCTIONS BY REGION 2021

TOTAL: 730



16 OFFICES

NEW OFFICES:

**BRISBANE
MELBOURNE
DUBLIN**

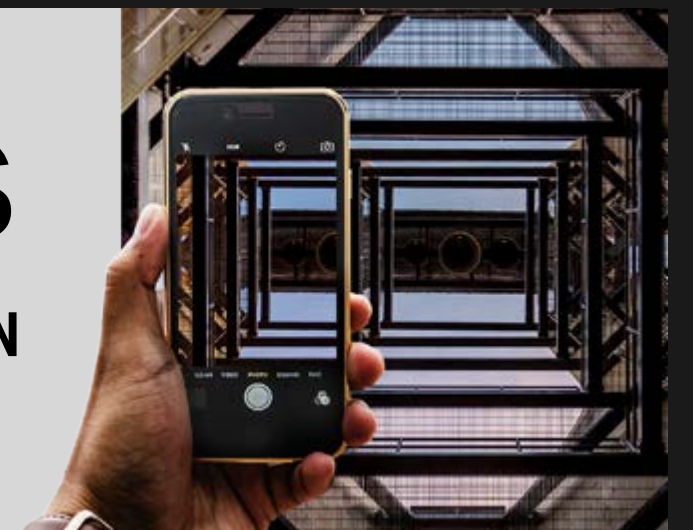
20 STRATEGIC ALLIANCES

NEW ALLIANCES:

**EGYPT
JAPAN
INDIA
KOREA**



SINCE ITS LAUNCH IN JULY 2020, THERE HAVE BEEN:



96 CLAIMS 290 VIDEOS

99 HOURS, 6 MINS, 55 SECS TOTAL FOOTAGE

5454 PHOTOS

241 CLIENT USERS



integrated

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This publication is for the benefit of insureds, insurance brokers, insurers and other stakeholders involved in the services that are provided by Integra Technical Services Ltd. It is not legal advice and is intended only to highlight general issues relating to its subject matter but does not necessarily deal with every aspect of the topic. Produced by Integra Technical Services, 6th Floor, 117 Houndsditch, London EC3A 7BT.



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