

## Renovation Portfolio Construction Insurance – Escape of Water Risk Management Requirements

After Fire, Escape of Water poses the largest risk to insurers in terms of catastrophe losses. We therefore underwrite this risk significantly, and will frequently require that certain risk management steps are implemented.

We do recognise that water may be required on site. However, it is often possible to isolate the supply to one temporary outlet, allowing the bulk of the system to be fully drained. Where practicable, we would expect this, and might specifically require it.

### **Risks with a Building Sum Insured less than £750,000**

We will, in the main, rely on the requirements of the standard wording. For example, the Plumbing Checking Requirement, which stipulates that plumbing and connected pipework must be pressure tested at the moment of 1<sup>st</sup> introduction of water. However, we do underwrite on a case by case basis, and may specifically impose further risk management requirements. For example:

- A system draining requirement where activity will cease on site for a period exceeding 1 month
- An increased excess where there have been previous escapes of water

If we are aware that the plumbing system is in a poor state, and there have been previous Escape of Water losses, we may exclude the peril altogether, but we generally prefer to manage the risk by way of higher excesses.

### **Risks with a Building Sum Insured in excess of £750,000**

In these cases, we are likely to apply a significantly increased excess. We will also require the production of a Water Management Plan (WMP). WMPs are very much like Fire Risk Management Plans (FRMPs). However, it is fair to say that the construction sector is not as familiar with them, so it can be challenging to get this policy subjectivity satisfied.

If the contractor approaches this requirement in such a way that they can demonstrate that they have identified, assessed and managed water risk on site, we are likely to sign off the requirement.

We have additional guidance on the management of water risk on site and the production for WMPs. Please don't hesitate to contact us if you'd like to see this.