

Bursting with problems

The industry is currently paying out an estimated £7m a day over burst pipe claims. Graeme Fitzpatrick asks if insurers are doing enough to help customers prevent them.

THE ISSUE OF BURST pipes has been dominating the national headlines for the past month, as the bitter cold spell interrupted water service to homes up and down the country, and in Northern Ireland in particular.

While the events in Northern Ireland have cost the job of the water company's chief executive, many other utility firms have also been hard-pressed to repair the burst pipes caused by the severe temperatures and subsequent thaw.

As January drew to a close, Yorkshire Water said it was still repairing more than 100 burst pipes a day and, while the lack of water is dominating the news, the number of domestic burst pipes has also been significant. Indeed, the Association of British Insurers estimates that the industry is currently paying out £7m per day due to the damage caused by burst pipes.

More than 1.5 million homes across the UK have been impacted by this phenomenon, be it loss of water supply or resultant damage. To some degree, the mild winters of the past decade have moved attention away from the threat a burst pipe can pose to a home. However, last year saw another unseasonably cold winter and the ABI's members paid out \$644m to victims of this hazard.

This year is set to be even more severe. And, as the costs and number of claims rise, insurers are apparently waking up to the problem and beginning to change their attitude.

Forgotten lessons

It has not been a case of lessons learned from the past however; more a case of them being forgotten, in terms of awareness of the threat cold weather poses to water pipes, and the steps needed to ensure people do not fall victim to frozen pipes.

Adjusters have been working throughout the recent bad weather and the level of calls received has been significantly in excess of what would have been expected at this time of year. In some instances, claims volume has increased by 300%.

What has to be a concern is that one insurer is said to be considering a change in approach, whereby if homeowners leave their property for an extended period of time and fail to keep a certain level of heating in



Crawford & Company UK

the home, which results in a burst pipe, it may look to refuse the claim on the grounds of negligence.

Extreme as that approach may sound, it is indicative of the sheer scale of the problems over the past two years and recognition from underwriters that more proactive steps must be taken.

The inherent problem with burst pipes is they tend to occur in homes during winter, typically at a time when families are not in residence and have, therefore, not kept the home heated. This year, a growing number of claims have been prompted by neighbours alerting absent homeowners to water seeping out of front doors and windows steamed up, indicating the burst pipe has gone unnoticed for some time.

Likely lengthy repairs

A burst pipe, if left, can cause a level of damage that is akin to a major flood; the only small saving grace is that the water tends to be clean so contamination issues are minimised. But, it will still often mean a long period where the home is uninhabitable while repairs are carried out.

Given that the cause is very cold weather it will more than likely happen over and around the festive season. Consequently, claims are reported to insurers when they are overstretched in terms of manpower to respond.

There has been talk from at least one underwriting agency that loss adjusters have been so overwhelmed in recent weeks that they have refused to take on new cases. While this is certainly not the case for every adjusting company, it is understandable.



Fitzpatrick: pipe problems not going away any time soon.

As with any major incident the cold weather has put pressure on the industry's response capabilities.

So, what can be done? Meeting the needs of policyholders at the time of a claim is one thing, but a more proactive approach must be taken by insurers and brokers to highlight the threat before it becomes reality.

One of our customers has already sent out a circular to its commercial construction clients to highlight the problem and suggest steps that need to be taken to properly insulate pipes against extreme weather within the new building and repair process. And last year, insurer Ageas worked with the British Insurance Brokers' Association to advise homeowners on steps to take to avoid a claim.

Detailed approach

It would be safe to say the run up to next winter will see insurers launching campaigns to ensure their policyholders are checking their pipes to see whether they are insulated. But those checks have to be done properly. While homeowners may think a quick glance through the loft hatch will suffice, they really should take a more detailed approach.

The pipes that are most at threat are those that are tucked into the eaves of the roof and can often only be checked by a close inspection. It only takes an inch of insulation to be moved for a burst pipe to occur. Often the lagging is kept in place with tape and, over time, wear and erosion of the tape can be enough to open up such a gap. Homeowners need to be told what they are looking for, where to look and what to do if they find exposed pipes.

One of the best ways to ensure pipes do not freeze is to keep the water flowing through them. Unfortunately, those homes that have been without water for some time due to the breaks in the mains pipes are now in real danger of finding that once the water supply is resumed a burst pipe will become apparent. This does not bode well for those homes in areas of Northern Ireland, Scotland and Wales, which have been without water for long periods over the past few weeks.

Insurers often fall victim to complaints over claims handling and response times, and never more so than when the media attention is turned on a major story like extreme weather or a major loss. Far better for the industry would be a publicity campaign to highlight the damage caused by burst pipes and the steps that can be taken to prevent them.

The past two winters have been punctuated by severe cold snaps and the weather experts believe the UK may well be entering a new period of colder winters. Therefore, this is a problem unlikely to go away any time soon.

POST

» WILL THE INDUSTRY ACT ON LESSONS LEARNED?

To read more about surge responses

www.postonline.co.uk/category/claims

Graeme Fitzpatrick is managing director of general insurance for Crawford & Company UK