

Spring 2009

Concordia Consultancy Ltd presents our 7th Newsletter, bringing you Company and Market News. All of our articles and information can be found on www.concordiaconsultancy.com



FOCUS ON MARINE AND ENGINEERING



We have been working on a number of engineering cases in the marine field including port crane damages, liability, and yachts. Increasingly we are dealing with super yacht claims and these raise very specific challenges. Sailing yachts and motor boats are valuable and important parts of the lives of their owners. Moving to an even higher value level, super yachts often have the same "sentimental" escape values for their owners. However they are far more complex and usually bespoke luxury items, constructed from a variety of materials, fitted out with expensively furnished interiors, and manned by full time highly qualified mariners and hospitality crew.

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NEW APPOINTMENTS

Complete CVs can be found online at www.concordiaconsultancy.com/personnel

James Capell, BA (Hons) ACII
Senior Consultant



James' prior experience includes over 5 years with RSA, as a claims customer relations consultant and claims operations consultant. James speaks French and Spanish.

Zeynep Alper, MSc FM
Consultant



Zeynep's prior experiences includes finance and accounting project work for the Turkish government and has a Masters in Finance. Zeynep is fluent in Italian, Turkish and Spanish

Carine Kegnia, BA (Hons)
Personal Assistant to Paul May



Carine joined Concordia Consultancy to work on Client Relations, Case Management and Marketing.
Carine is fluent in French and speaks Spanish.

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These yachts are bristling with global communication equipment, and built to the owner's requirements. The yacht will have numerous high value 'toys' including helicopters, fast sports boats, jet skis, tenders, and even submarines, not to mention the fine art and furnishings. For the owner, a visit to the "yacht" is often a rare and highly prized opportunity to have some valuable time away from the "real world" to be with family, friends, and sometimes important clients and influencers.

The values associated with super yachts can be in the US\$100 to \$200 million range, and pose complex underwriting and claims handling problems for insurers. In the event of a damage claim, the yacht construction, materials used and level of outfit has to be fully understood and appreciated, as well as the fact that the claim will be a high value and important one for the owner.

Super yacht cruising destinations are becoming truly global, including Polar regions, and this means that when a loss occurs the logistics and cost of repairs can be complex and often higher than might have been expected. Charterers pay high costs for the exclusivity and privacy of being on the super yacht and therefore timely completion of repairs is an important consideration.

Concordia has many years experience of dealing with high net worth (HNW) policyholders and "family offices" in relation to their global homes and possessions. For super yacht claims our service is based on a combination of this HNW experience, high level technical skills, and rapid attentive response times.

Spencer Clark, a chartered naval architect and chartered marine engineer, leads the Concordia Marine and Engineering Practice and has many years of survey and claims experience with yachts and especially super yachts.

If you have a requirement in the yacht and super yacht area please contact Spencer Clark at: Tel: +44 7513 044 514 spencer.clark@concordiaconsultancy.com

Buncefield

Concordia has been closely following the High Court proceedings and has attended to observe witness submissions. During October 2008 an explosion occurred on 11th December 2005 at the Buncefield depot in Hemel Hempstead, Hertfordshire, England. It was the biggest peacetime explosion since World War II and caused extensive damage to the facility and third party property.

According to the Buncefield Major Incident Investigation Board the explosion was caused by:

the overflowing of a large petrol storage tank. The escaping petrol formed a flammable vapour cloud which spread off site and was eventually ignited with great violence.

The incident has led to litigation, currently in the High Court, where a number of complex legal arguments are being made. Total, one of Europe's largest oil companies, has reportedly now abandoned one of its key defences by conceding that damage caused by the explosion and the subsequent fire was foreseeable.

Prior to this concession Total had maintained that although the explosion was the result of negligence by the supervisor on duty at the time, only damage within 451 metres of the site could be considered to be foreseeable.

Under English law foreseeability is a key hurdle in establishing liability for negligence. Therefore this concession will have significant implications for the residents and local businesses who were outside of the 451 metre zone but who had experienced 'uninsured losses'.

We will be monitoring developments in view of potential appeal issues.

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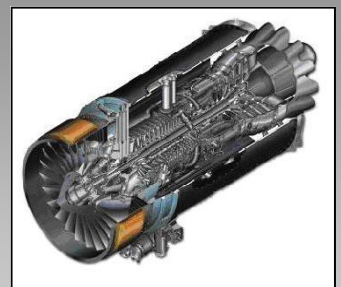


Turbine failures and claims

The Concordia team has dealt with aviation and power generation turbine related insurance claims over the years.

We are pleased to report that Spencer Clark has been invited to join the turbine working group of IMIA, the International Association of Engineering Insurers. IMIA promotes the exchange of information to build up an international understanding of Engineering Insurance and related losses. IMIA has technical working groups, hosts conferences and issues technical papers to share the knowledge gained. IMIA has become a worldwide knowledge hub for Engineering Insurance.

The turbine working group is investigating "Combustion Turbines - Critical Losses and Trends" and will review gas turbine topics including insurance/claim issues, technical problems, repair issues and spare part supply issues. This review will benefit insurers and risk managers understanding of combustion turbines and the types of losses experienced, and will highlight the common problems encountered.



IFAA - International Federation of Adjusting Associations



The International Federation of Adjusting Associations Annual Conference, London Market Global Best Practice

Thursday 30th April 2009 – Willis Building, The City of London, UK

Programme online at www.adjustersworldwide.org
Concordia is a co-sponsor of the first Global Claims
conference of the IFAA

Extracts from a recent interview with the Asia Insurance Review

Paul May, the Deputy President of the International Federation of Adjusting Associations (IFAA), and a past president of the UK's CILA and FUEDI, the European Adjusting Association, talks to Asia Insurance Review about the IFAA's aspirations, what it hopes to achieve in the international arena in the next two to three years as well as its plan to develop global best practice guidelines and global training programmes for its members.

"The most important function of the IFAA is to share knowledge and encourage professional development and global best practice", said Paul May at the sidelines of the 5th Asian Conference on Claims Management Conference organised by Asia Insurance Review and held in Singapore late last year where he was the keynote speaker.

Mr May, who becomes IFAA President in April 2009 talked about the potential of the various regions and the IFAA's role in helping to develop or enhance the loss adjustment standards and practices in these regions.

Asia: IFAA Certificate in the Making

On Asia, he was quite optimistic and talked of the IFAA's role in bringing practices in line with international standards. To this end, the IFAA is developing a global online education programme, to comprise two or three certificate-level loss adjustment subjects and to lead to the IFAA certificate, expected to be available in two or three years. "We will effect the Global Best Practice Standard which will be a statement of best practice," he said.

Supportive Role in Asia

In Asia, the Association also aims to play a supportive role to encourage regulators in countries that do not as yet have loss adjustment institutes.

"In Asia, we want to bring standards to an international level. That's the reason why we are trying to be helpful and encouraging. We are not trying to be directive. We are saying 'if you want to do it, we will help you with the progress'. The individual member associations in the respective countries

would do the training," he added.

Global Training Programmes

"We are working very hard to have global training programmes that would span different legal systems, religions and cultural procedures. Every association has positive elements. We will take these from every association and combine them in the training programmes. There will be performance-related guidelines relating to timelines and efficiency. We want our global best practice guidelines approved by leading agencies like the IMF, UN, EU, World Bank and various national regulatory. A certificate from such a course would enable an individual loss adjuster to more easily secure employment across national borders because of the recognition of achievement of a certain standard that it would bring," he said.

The IFAA membership comprises 10 institutes totalling 10,000 individuals, he said. It is a worldwide organisation established to promote the role of loss adjusting associations and their members. The 10-member associations of the IFAA range from Europe to Canada and Japan.

Mr May is convinced that "there is a tremendous opportunity to use the goodwill and resources of the existing IFAA members to create a truly global adjusting standard of best practice". To this end, the IFAA is organising its first global conference in London on the 30th April 2009. It is expected that the 2010 IFAA conference will take place in Asia.

Recent papers and articles presented by Concordia personnel include:

"Customers and suppliers—Friend and Foe? Are they on your side when you have a business interruption loss—possibly not". InFoRM

"Catastrophe claims: The adjusters central role", Johannesburg

"Adjusting marine claims", London

"Loss Adjusting Port Claims", London

"Risk Management of Claims", Singapore

"Global Claims developments", Singapore

"International Loss Adjusting", London

"IFAA—Sharing Knowledge", Asia Insurance Review

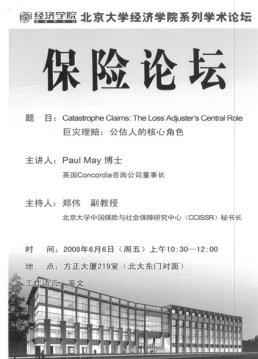
"Mechanisms for resolving disputed claims", London

"Catastrophe claims: The adjusters central role", Peking University, Beijing [see right]

"Issues re China, IFAA and the credit crunch", City Forum, London

Shortly to be published: "Insurance and Risk management opportunities in China"

All articles available for download from www.concordiaconsultancy.com



INTERIM REPORT No. 7



So far, despite the recent 'credit crunch', events have shown the relative resilience of the insurance industry. The financial stresses will cause economies to suffer. Knock-on effects are likely to include: less businesses to be insured; reductions in maintenance budgets; and an increase in fraud risk. We remain focussed on delivering our specialist services in the UK and around the world. Now in our 6th Year of operations we have continued to develop our team and our global network.

We wish all our clients and friends a successful 2009.

Paul May, Chairman

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"Helping parties reach agreement, globally"

