

# Crawford & Company<sup>®</sup> Data Driven – Escape of water

Converting big data into actionable insights



# An analytical overview of escape of water claims in the UK

**70%**

of restoration costs are for flooring, decoration or plastering

**38%**

of losses are caused by kitchen or bathroom appliance leaks

**42%**

more expensive for alternative accommodation in the south-east than the rest of the UK

Escape of water claims have been a hot topic for the past few years in the property insurance market. The Associate of British Insurers (ABI) states that £18m is paid out every week to customers who have made a claim resulting in an escape of water to their premises. The cost of escape of water claims is rising with a 33 percent increase between 2014 and 2017.

James Dalton, the ABI's director of general insurance policy, described tackling the rising costs of escape of water claims as the 'number one priority' for the domestic property insurance market in 2018 during an address to the British Damage Management Association's property claims conference. He highlighted a dramatic increase in the amount of water flowing through properties due in the main to increasingly complex plumbing systems. Examples included:

- More plumbed-in appliances in the home
- More properties with central heating
- More ensuite bathrooms and downstairs toilets

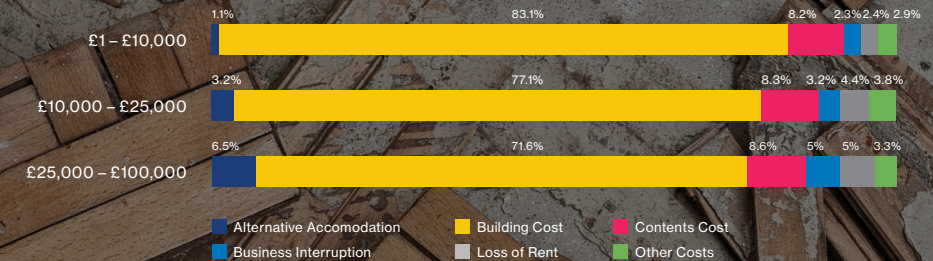
Crawford's Data Science team has analysed and reviewed its claims data to provide the market with insight on the causes and cost of restoring a customer following an escape of water event.

There are some subtle differences between reinstating domestic properties and commercial properties. Commercial losses including rental properties will attract business interruption and loss of rent claims.

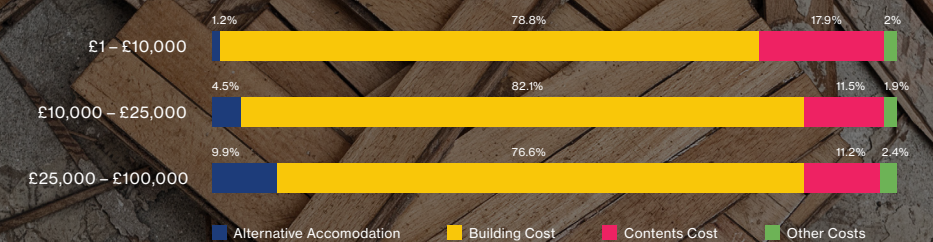
For lower valued claims, typically less than £25,000, the contents claim is proportionally higher of the overall claim cost. In contrast, for claims over £25,000 in value, a higher proportion of the overall cost is for alternative accommodation.

The charts below provide insight on claim cost proportionality.

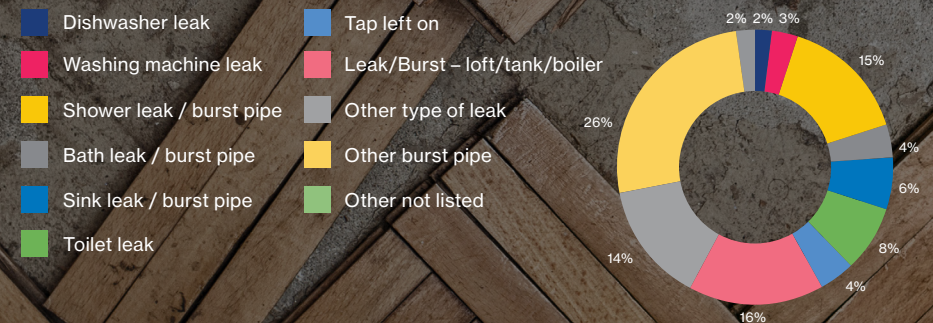
## Commercial claims



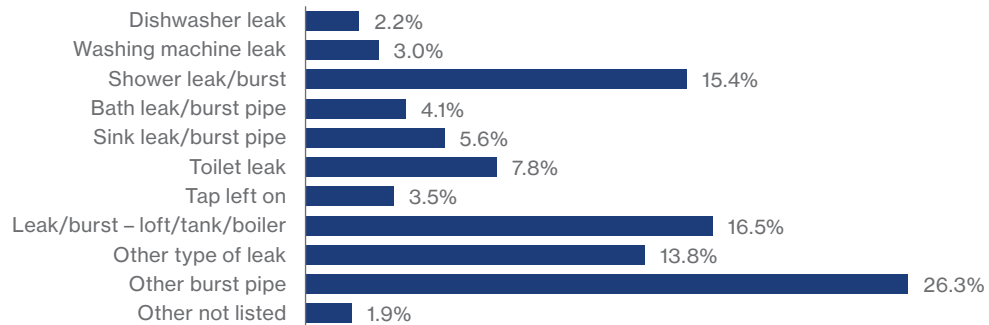
## Domestic claims



By application of standard data science techniques across Crawford claims data, we have identified the principal causes of escape of water events.







We have analysed the average cost of claims and the percentage of claims which are declined to understand if causation is a contributing factor.



Losses from appliances or bathroom equipment were 27 percent less expensive than losses from other types of leak / burst pipes or where a tap had been left on.

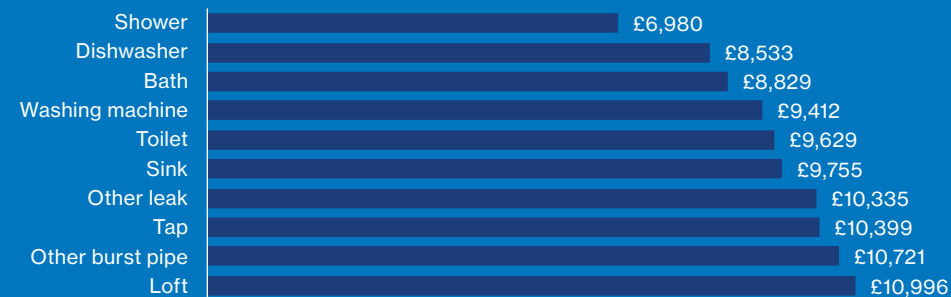


**59%** of claims received are classed as 'other' causes and **41%** of claims are leaks / bursts from appliances or bathroom equipment.

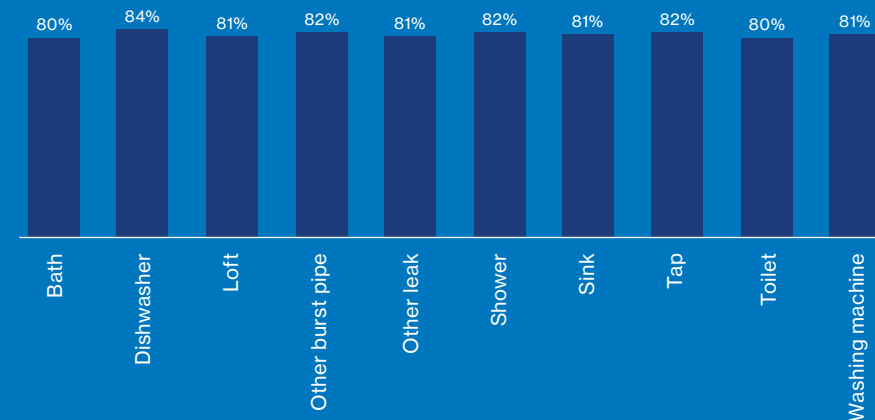


Causation did not impact the rate of claim repudiation or where no payments were made on a claim.

## Average Cost of claims paid between £500 and £100,000 by source of the leak/burst



## Percentage of valid claims, accepted and paid by source of the leak / burst



# The cost of building reinstatement

Crawford's scoping and reinstatement tools capture detailed information for example: litres of paint required, square footage of carpet, plastering and render, papering etc. This provides detailed data to control the overall claims cost. In addition through Crawford's Data Science team, we are now able to analyse the data in more detail to provide a further view of the cost of reinstating a property following an escape of water claim.

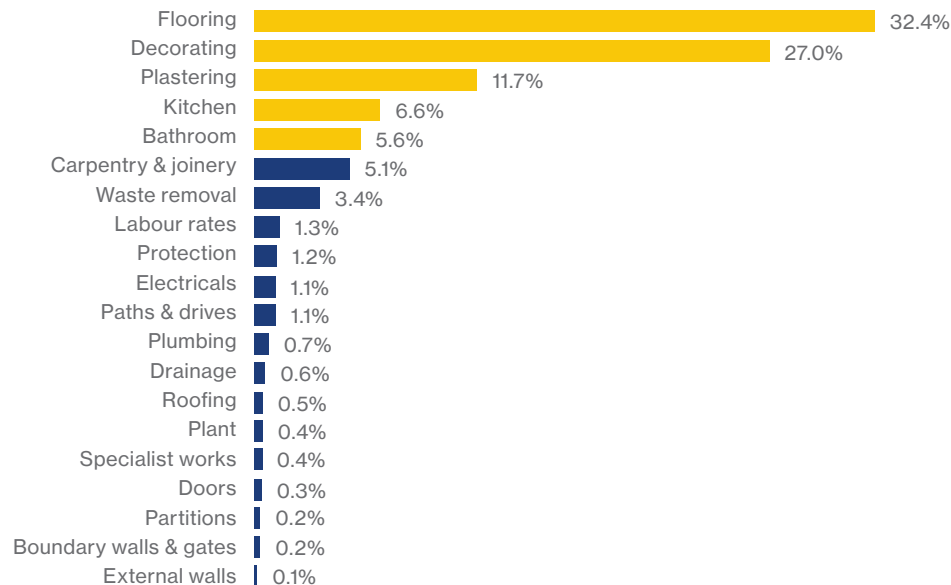
The first chart to the right (Tier 1) outlines the breakdown of total building restoration cost of escape of water claims. The second chart (Tier 2) provides a breakdown of the top five areas of spend from the first chart highlighted in yellow. The final chart (Tier 3) is a granular view of the top two areas of spend from the second chart.

For example;

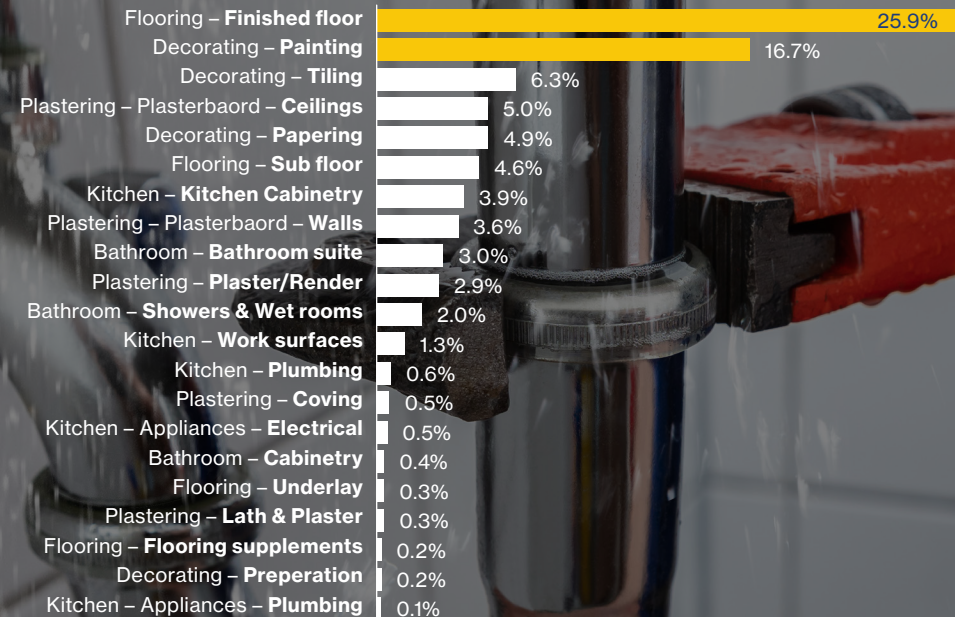
**9.6 percent of reinstatement costs are for emulsion to walls**

Crawford can provide detailed restoration data split between labour and materials for both commercial and domestic claims.

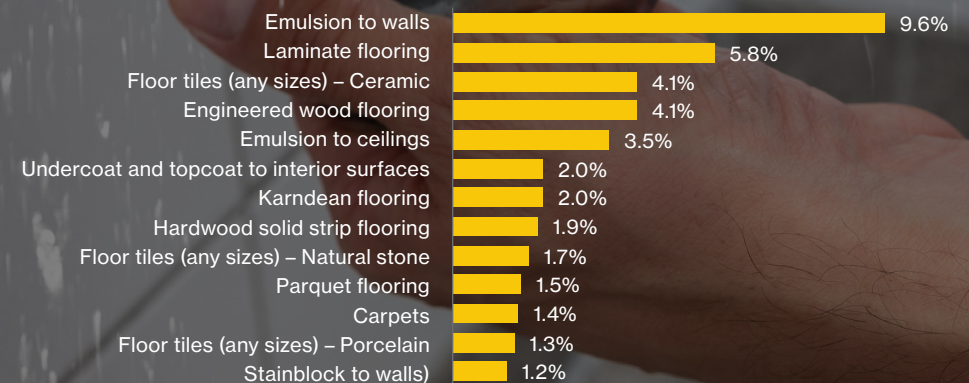
## Tier 1



## Tier 2



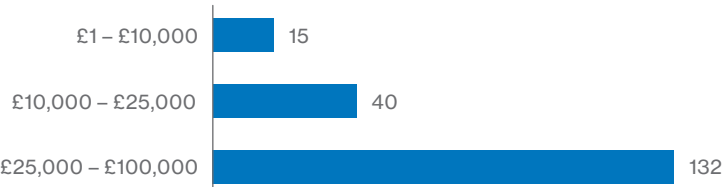
## Tier 3





To complete the research, we also analysed the length of time a customer was placed in alternative accommodation (AA) and how these costs vary in different parts of the UK.

Clearly, the length of time a customer is relocated away from their property increases as the value of the claim increases. The chart below provides the mean average of the relocation period in calendar days for claims with total payments between £1 and £100,000.

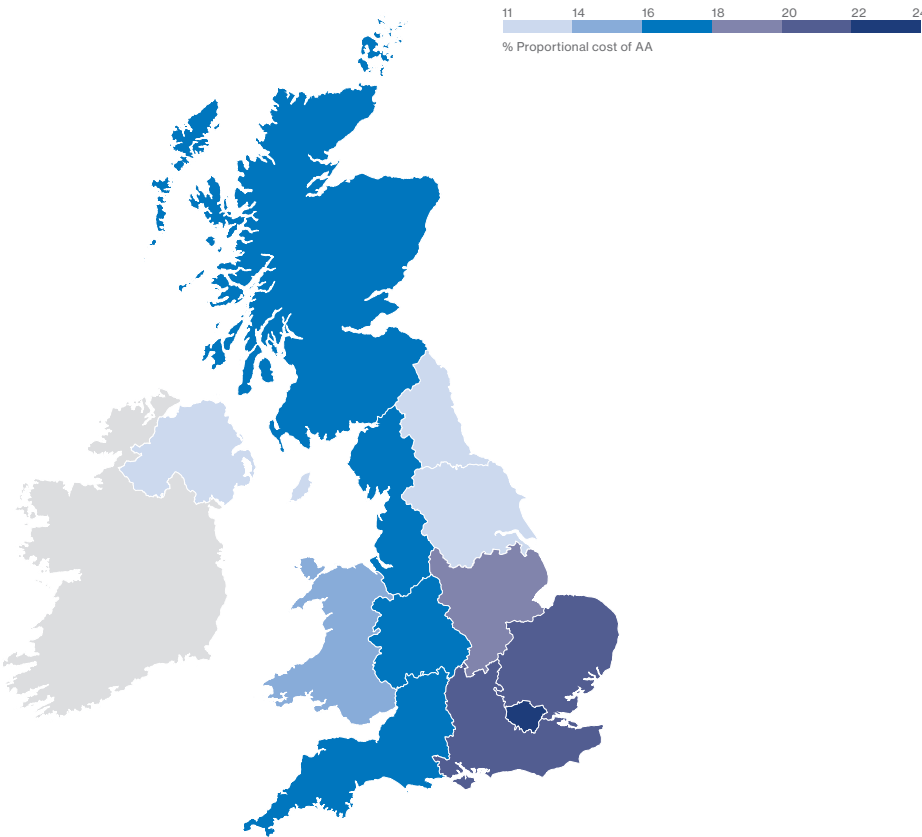


We then analysed the regional impact on alternative accommodation cost. The cost of AA in the south-east of England including Greater London is significantly higher (42 percent) than the rest of the UK.

The map below provides insight on the proportional cost of alternative accommodation where the customer has been placed in AA.

The second map shows the cost of alternative accommodation against the total claim spend for escape of water events.

**Cost of alternative accommodation on claims where customers have been placed in AA**





## Cost of AA against the total claim spend for escape of water events



# How Crawford is helping to mitigate the cost of escape of water claims

Through a data driven approach, Crawford is adapting its processes and negotiating with suppliers to ensure that we control the key contributing factors. We have developed a dedicated escape of water solution to ensure that we are leading the market in terms of controlling claims cost in this critical area.



Access to specially trained escape of water loss adjusters, supported by a network of qualified surveyors.



Dedicated internal escape of water team providing enhanced customer support.



Bespoke claims handling mandate and project management approach.



Industry leading technology.



Fully integrated in-house drying consultants and surveyors.



Line-by-line scoping on all escape of water claims with building surveyor oversight at all levels.



Managed repair solution to support restoration and mitigation with of a three year guarantee.



## More information

For further information on the Crawford escape of water solution, please contact:

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## About Crawford & Company®

For over 75 years, Crawford has solved the world's claims handling challenges and helped businesses keep their focus where it belongs – on people.



Loss  
Adjusting



Third Party  
Administration



Managed  
Repair



Medical  
Management



On-Demand  
Services



Catastrophe  
Response

**9,000** employees | **50,000** field resources | **70** countries | **\$18B** claims managed annually

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