CONSTRUCTION RISKS AND CHALLENGES

Overview
Discussion Topics

- Policy Types
- Risks
- Challenges
- Underwriting
- Trends
General Liability Policy Types

- Practice Policy
- Project Policy
- Controlled Insurance Program – OCIP or CCIP A/K/A Wrap Up
Practice Policy

- Annual Insurance
- Cost Variability
- Cross Litigation
- Uninsured and Underinsured Contractors
- Multiple Contract Types
Project Policy

- Duplication of Cost
- Cross Litigation
- Gaps in Coverage
- Dedicated Limits
- Uninsured/Underinsured Contractors
Controlled Insurance Program

- One Program
- Control
- Consistent Coverage
- Dedicated Limits
- No Cross Litigation
- Consistent Services
- Decreased Markups
Construction Risks

- Third Party Bodily Injury
- Third Party Property Damage
- Worker Bodily Injury – WC or NYLL?
- Completed Operations/Construction Defect
Construction Risk Photos are Fun
Never Do This
Construction Challenges

- Effective Risk Transfer – Liability Where it Belongs
- Additional Insured Coverages
- Inconsistent Coverages
- Owner and GC requirements
- Risk Management Responsibilities
- Contractual Requirements
- Certs and Cert Checking
The Risk Management Responsibility

- Insured
- Contracted 3\textsuperscript{rd} Party
- Insurance Broker
- All of the Above
Construction Defects - Ancient

AN ANCIENT CONSTRUCTION DEFECT DISPUTE BEGINS...

WHAT DID YOU SAY THE PROBLEM WAS AGAIN?

DESIGN BY WWW.BABIESZYMCZYK.COM
Construction Defects - Today
Contractor Disputes Can Be Costly

It’s Best to Address Potential Conflicts as Early as Possible.
HOW TO IMPROVE THE RELATIONSHIP BETWEEN CONTRACTOR AND SUBCONTRACTOR
Underwriting Resources

- Signed Application
- Supplemental Application
- 7–10 Years of Currently Valued Loss Reports
- Copies of Subcontracts
- Copy of Safety Manuals
- Financial Statements
- Work on Hand Listing
- Workers Compensation Policy
- Workers Compensation Loss Reports
- Evaluate Current and Prior Coverage
- Inspections
Claims Handling can Make or Break Profitability
Claims Handling

- Underwriting is Critical, Claims Handling Influences Profitability
- Specialized, Experienced Claim Staff
- Strong Network of Panel Counsel
- Reasonable Case Loads
- Claims and Underwriting Interaction
- Claims Reporting and Documentation
Trends

- Industry Losses Continue to Develop
- Carrier Appetite for NY Construction is Evolving
- Rates are Increasing
- First Layer Excess Pricing is Sharply Increasing
- Workforce Shortage
- Increased Usage of Non-Union Contractors
- Future Economic Slow Down?
Final Thoughts and Questions

- Underwriting Construction Risks is Quite Challenging
- Multi-Faceted Underwriting and Claim Approach
- Construction Insurance is Dynamic

- Questions?