

# Contractors professional insurance: Targeting a \$1.4 trillion industry

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# Coming up

- An overview of the construction industry – the size of the opportunity
- Looking back on a challenging few years and ahead to what lies next
- A new era of investment, collaboration, regional shifts & new economies
- Technology in construction
- The rise in professional exposure
- CFC's construction product upgrade, USPs and revised pricing
- Q&A

# The \$1.4 trillion US construction industry

Construction is a major contributor to the U.S. economy. The industry has more than 7.6 million employees and creates nearly \$1.4 trillion worth of structures each year.\*

- Although growing in significance many construction companies still do not understand their professional exposure, meaning **lots of new buyers every year and lots of cross sale opportunities** are still available.

Forecast to reach over 2 trillion U.S. dollars in 2025\*

- The construction industry makes up 4.2%\* of America's GDP
- There are 3.7M Construction businesses in the US as of 2023, an increase of 2.5%\* from 2022



\*Association of General Contractors  
\*Statista  
\*IBIS World

# Challenges & opportunities

Looking back on a challenging few years and ahead to what lies next

## Challenges

- Supply chain
- Inflation
- Labor shortages
- End of low interest borrowing
- Issues with the design build method



## Opportunities

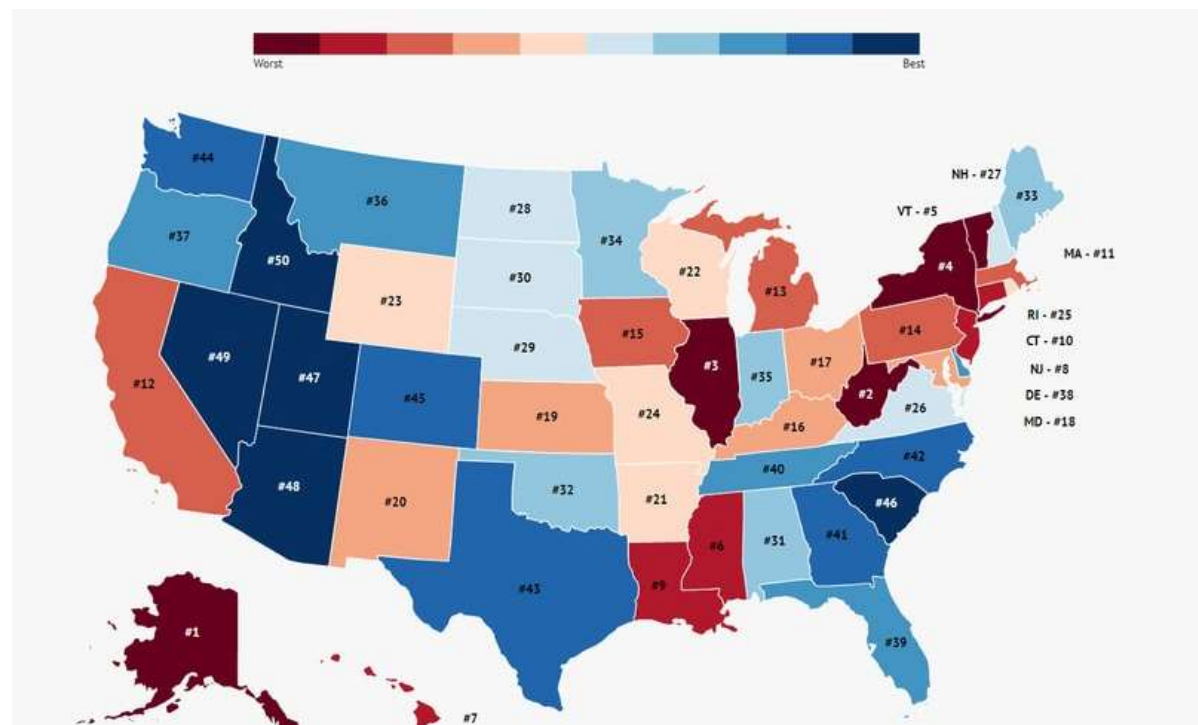
- Infrastructure investment - Bipartisan infrastructure law
- New economies
- Collaboration & mega projects
- New technologies
- Move towards progressive design build

# Regional shifts

- Rise in working from home and gig economy means people can work anywhere.
- Reasons for moving: Lower taxes, lower cost of living, more space, closer to family, better weather, moving for work.
- The state with the most new residents in 2022 is Texas, with 294,036\* people moving in.
- The state that has lost the most residents in 2022 is New York, where - 88,648\* have left the state.

\*Zippia

Construction spending follows people and people are moving



# Old vs new economy

What types of building are on the increase, and which are on the decline.

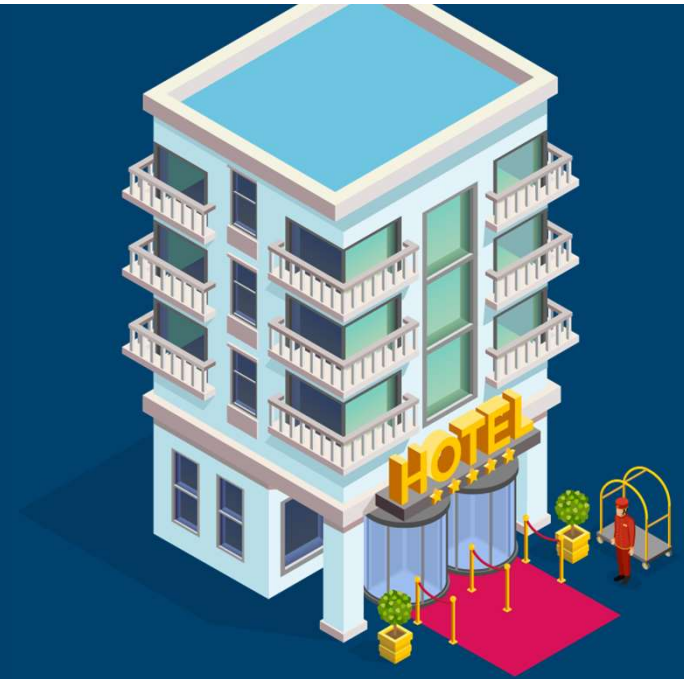
## IN

- Life science
- Data center
- Logistics
- Intelligent transport systems
- Semi conductor fabrication
- Distributed power
- Food & beverage manufacturing
- Urban mass transit
- Residential



## OUT

- Offices
- Hotels
- Shopping malls
- Sports & recreation
- Amusement parks
- Movie theatres
- Consumer goods manufacturing
- Textile mills



# Infrastructure investment & bigger projects

## This rise of the “Mega Project”

- Annual mega project spending is expected to increase 500% over the next five years from \$50 billion to almost \$300 billion.\*
- More than \$2.5 Trillion\* in mega projects are currently in planning or design through to 2050.
- They are also expected to be built faster. For non-residential building projects over \$25M\* the average schedule has shortened by over a year in the past decade.
- Biden's Bipartisan Infrastructure Law: “Building a better America”



\*IRMI



## *The Bipartisan Infrastructure Law is* **THE LARGEST INVESTMENT IN:**



**Clean water infrastructure**



**Public transit**



**Passenger rail in 50 years**



**Upgrading the power grid**



**Tackling legacy pollution**



**Clean, electric buses**



**Roads and bridges since the Interstate Highway System**



**Increasing our infrastructure's resilience**

Search...

**Affordable, high-speed internet**

# Technology in construction

The construction industry is in the midst of a technological boom, advancing deliveries and addressing some of the industries' challenges, does it also increase professional exposure?

## A few examples:

- Software platforms
- Generative design
- Modelling and virtual reality
- IoT in construction
- Jobsite imagery
- Drones
- Wearable tech
- 3D printing





# Rising professional exposure

Owners continue to award more construction projects under design-build contracts as opposed to traditional design-bid-build. We examine how this increases the professional exposure of contractors.

47%

Nearly half of America's construction dollars will be spent on design-build projects by 2025\*

- Design-bid-build: bid with 100% complete designs.
- Design-build: bid with incomplete designs, commonly as low as 30% complete.
- Post-bid alterations in a design-bid-build project result in change orders.
- Post-bid alterations in a design-build project are placed against contingency, result in profit fade, and can lead to design claims.
- Design build projects make the main contractor the single point of responsibility.
- Progressive design-build allows the owner, contractor, and designer to collaborate on the design before a final bid, progressing the drawings and pricing over time. This method substantially diminishes the risk of a design build project.

# Recap: Why do contractors need E&O insurance?

Contractors need E&O insurance for the following reasons:

- In-house professional services
- Subcontracted professional services
- Failure to provide due care and skill leading to a financial loss
- Legal defence cover
- Contractual requirements
- Increased exposure from the design-build delivery method
- Professional services exclusions in GL policies
- Technology exposures
- Extra benefits: rectification costs, pollution and workmanship extensions





CFC's upgraded  
contractors  
professional

# Core policy benefits & highlights

Adaptable contractors professional policy designed to provide comprehensive cover to general, artisan and design build contractors all on one form, with a broad definition of business activities to include all main professional exposures.

## Policy highlights:

- Errors and Omissions
- Contingent bodily injury and property damage
- Rectification costs
- Subcontractors vicarious liability
- Comprehensive legal cover
- Intellectual property
- Regulatory costs and fines
- Payment of withheld fees

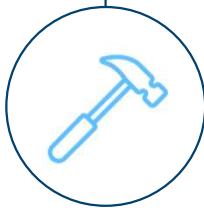


# Our new enhancements

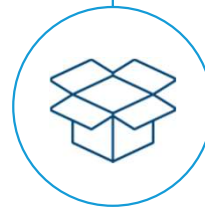
Pollution  
options:  
aggregated or  
separate limit



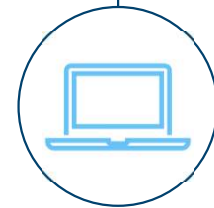
Workmanship  
at \$1M limit as  
standard for  
artisans



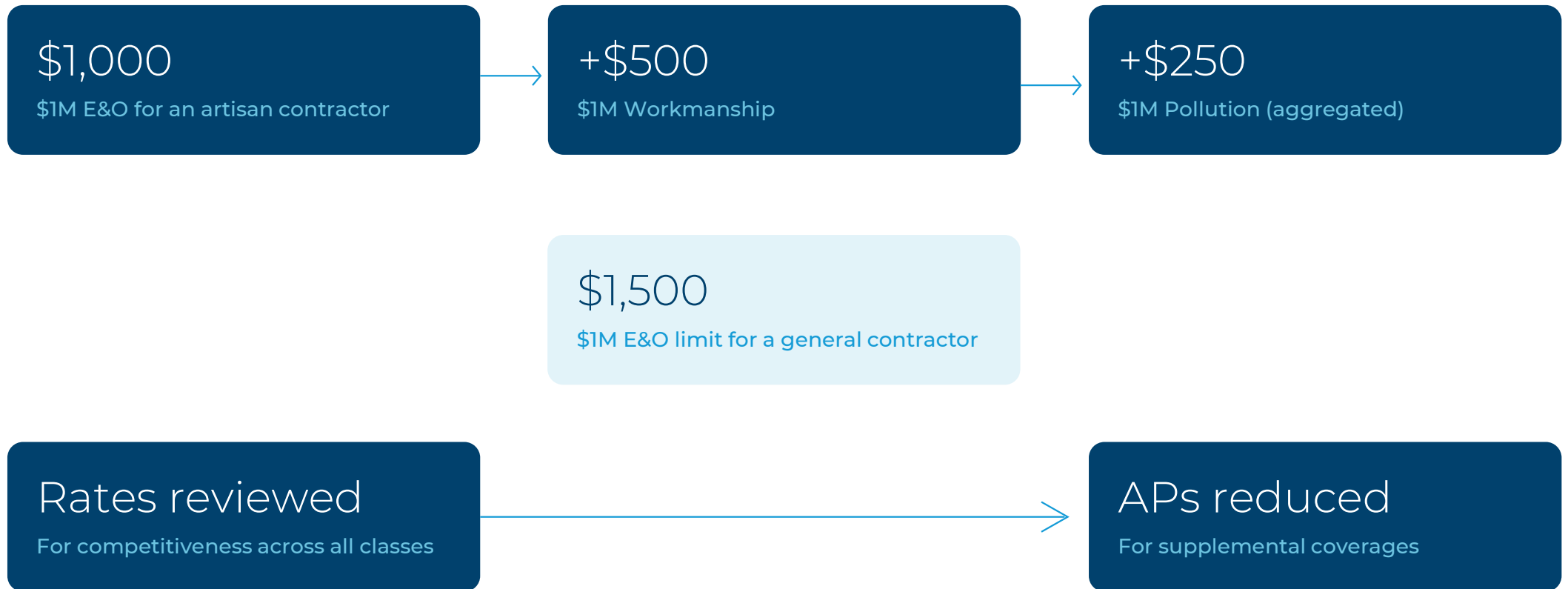
Manufacturer's  
E&O extension



Separate limits  
cyber and  
affirmative  
tech cover



# Our new pricing



# Appetite

## What we love

- Acoustical & audio visual
- Carpentry (interiors)
- Design/Build
- Electrical
- General Contractors
- HVAC
- Landscaping
- Mechanical
- Painting
- Plumbing
- Remodelling

## What we consider

- Carpentry (framing)
- Demolition
- Drywall
- Flooring
- Masonry
- Solar
- Telecoms

## What we ordinarily decline

- Concrete\*
- Fire suppression\*
- Glazing\*
- Real estate developers
- Roofing\*
- Scaffolding\*
- Swimming pool\*

*\*When self-performed*

# Our guarantee to you



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Available now!



Q&A



# Thank you!

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