

Taking the risk out of risky construction projects

Construction is a high-risk industry. Construction projects require coordinating a number of contractors (such as painters, plumbers, electricians and masons) who use a wide range of special tools, machines and building materials. Also, the construction site itself has unique landscape challenges. The greatest challenge is managing a large number of variables from design and project changes to safety concerns, site conditions and financial risks.

Adding value, expertise and capacity to the construction industry

Launched in 2011, Technical Risk Underwriters (TRU) takes a wider and more comprehensive view of the construction industry. Because there are so many moving parts in a construction project, TRU realises that loss mitigation efforts can make or break a project. TRU offers clients and carriers a unique proposition: insurance that combines engineering services, real loss prevention techniques and expertise in underwriting and claims through a rigorous, interactive inspection regimen.

In the construction business, experience is critical. TRU's staff has years of experience on various types of construction projects. The most important part of the TRU process, however, is that loss mitigation maintains pace with the project. The TRU team is involved in a project before construction starts and stays involved through the entire course of construction. TRU is on-site frequently to ensure that standards are enforced and to make recommendations for mitigating potential risks.

In addition, TRU has on-staff claims attorneys to help guide the claims process on behalf of clients and brokers. This is extremely important because the large capacity (US\$200m) TRU offers is through a consortium of carriers. Generally with consortiums, the client and broker must work with four or five different adjusters. TRU simplifies the process so that a client works with only one adjuster, TRU's staff claims attorney.

Exceeding expectations

For a Louisiana correctional facility, TRU demonstrated the value of bringing underwriting, engineering and proprietary analytical information to bear on a single project. The TRU team designed and built a 3D model of the facility. With sophisticated software, they placed the model in the exact location where it would be on a map, and then ran historical and projected windstorm and surge events to help identify loss and vulnerability scenarios. In this case, TRU was able to test its assumptions, because Hurricane Isaac later passed directly over the project, validating TRU's original underwriting predictions. In addition, prior to the Hurricane's arrival, the TRU team collaborated on-site with the general contractor to prepare for the event.

As one of the largest writers of builders' risk in the US, TRU has a substantial amount of large developer multi-family housing business: almost a 30 percent share of the top developers and REITs in the US. In 2012, TRU launched its Developer Master Builders' Risk Program for large wood frame risks, one of the only compressible master policies available on the marketplace at the time.



Looking ahead

TRU writes the entire spectrum of large, complex property and construction risks in the US, including multi-family residential, commercial/mixed-use, hospitals, infrastructure and heavy civil works such as airport projects, light rail, hospitals and high-rise offices and residential. TRU plans to expand into construction casualty and wrap-ups.

Backed by "A" rated carriers, TRU offers the largest capacity available in the US: \$200m per risk with \$80m available for a single fire site wood frame, up to 60-month terms. Coverage for construction projects include ground-up, primary, quota-share, difference in conditions (DIC) and deductible buy-downs for projects of all sizes and scope. Coverage can also include named windstorm and storm surge, earth movement including sprinkler leakage, flood and a broad form policy including soft costs and extra expense.

TRU continues to work regularly with clients and brokers to understand their concerns and needs in today's ever changing environment, and offers solutions and products that meet those needs. In the complex world of construction, it takes a managing general underwriter with vision and practical skills to successfully bring all the moving pieces of a construction project together. ●

Brokers and agents, for more information contact: Ryan Scheinfeld, President – National Construction at (404) 387-6954, email rscheinfeld@truins.com or visit www.truins.com.

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