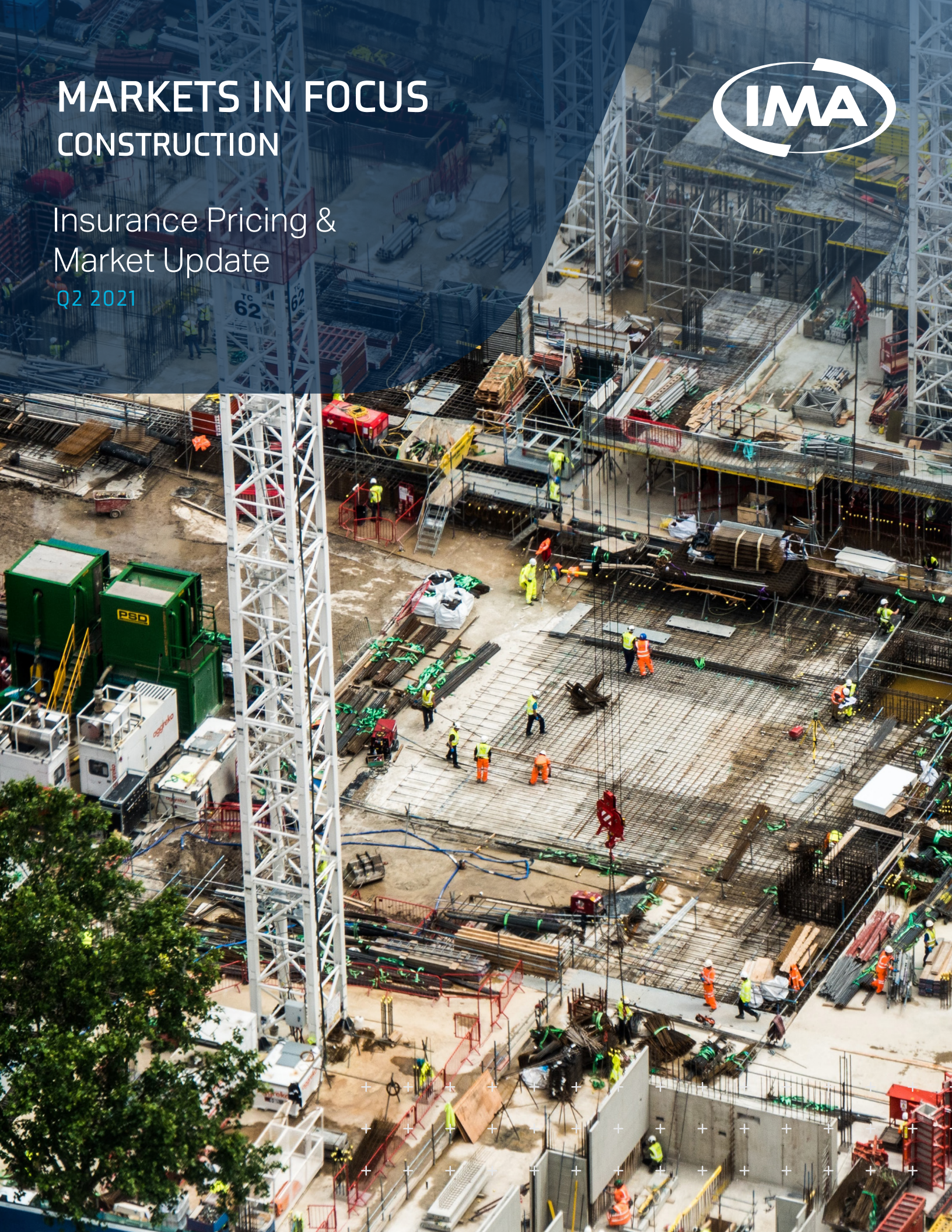
MARKETS IN FOCUS
CONSTRUCTION

Insurance Pricing &
Market Update

Q2 2021



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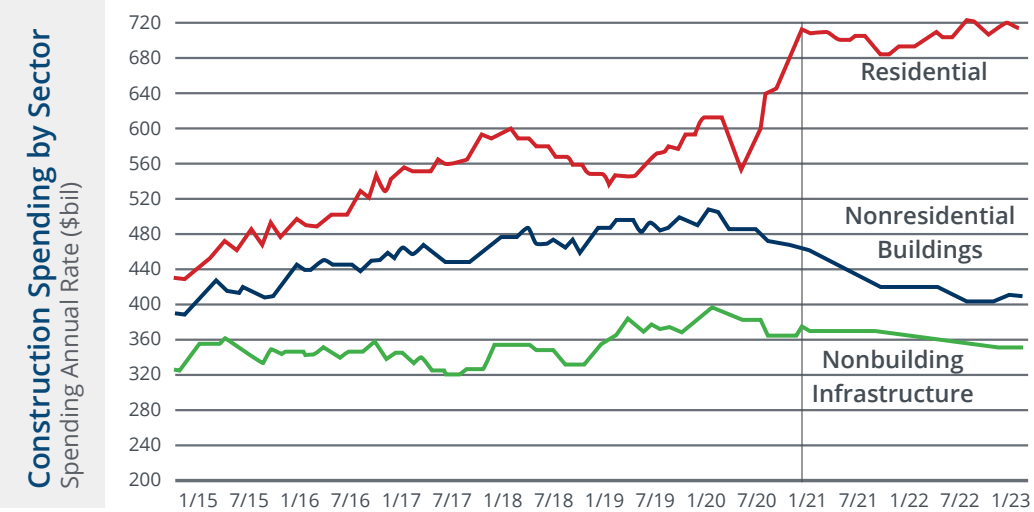
Introduction

There were many early concerns that COVID-19 would create substantial pressure on the overall construction industry, but these fears were somewhat quelled when construction was deemed an "essential business" throughout most of the country. This important designation meant that many in the construction sector were not as adversely impacted as other industries such as travel and leisure. Additionally, the construction space was supported by Paycheck Protection Program (PPP) loans, which helped stabilize balance sheets and allowed projects to continue moving forward. However, the global pandemic did result in a shift in project demand that rippled through the construction industry and has created a significant marketplace divergence in residential versus non-residential opportunities.



U.S. Total Construction Spending Summary
totals in billions current U.S. dollars

$ in billions % growth vs prior yr	2015	2016	2017	2018	2019	2020	Forecast 2021	Forecast 2022
Nonresidential Bldgs	385.8 15.3%	421.1 9.2%	434.2 3.1%	452.5 4.2%	472.3 4.4%	462.4 -2.1%	410.6 -11.2%	384.2 -6.4%
Nonbuilding Hvy Engr	315.7 5.9%	316.6 0.3%	299.9 -5.3%	316.7 5.6%	342.2 8.1%	351.0 2.6%	342.6 -2.4%	329.2 -3.9%
Residential	438.7 13.7%	486.0 10.8%	545.8 12.3%	563.9 3.3%	550.9 -2.3%	616.2 11.8%	695.7 12.9%	709.9 2.0%
Total % growth vs prior yr	1140.2 12.3%	1223.7 7.3%	1279.8 4.6%	1333.1 4.2%	1365.4 2.4%	1429.6 4.7%	1448.9 1.4%	1423.2 -1.8%
Private	846.4 14.5%	926.7 9.5%	983.3 6.1%	1023.0 4.0%	1030.7 0.8%	1075.8 4.4%	1065.0 -1.0%	1053.5 -1.1%
Private Residential	431.8	479.4	539.0	557.6	544.5	604.3	682.3	696.2
Private Nonresidential	414.6	447.3	444.3	465.5	486.3	471.5	382.7	357.3
Public	293.8 6.4%	297.0 1.1%	296.5 -0.1%	310.1 4.6%	334.7 8.0%	353.8 5.7%	384.0 8.5%	369.7 -3.7%
Total % growth vs prior yr	1140.2 12.3%	1223.7 7.3%	1279.8 4.6%	1333.1 4.2%	1365.4 2.4%	1429.6 4.7%	1448.9 1.4%	1423.2 -1.8%
Share Private % of Total	*74.2%*	*75.7%*	*76.8%*	*76.7%*	*75.5%*	*75.3%*	*73.5%*	*74.0%*
Share Public % of Total	*25.8%*	*24.3%*	*23.2%*	*23.3%*	*24.5%*	*24.7%*	*26.5%*	*26.0%*

Sources $ Data: U.S. Census Bureau, Department of Commerce
Actual Spending data includes revisions 2018-2019 issues 7-1-20
Forecast includes U.S. Census Dec 2020 year-to-date spending issues 2-1-21
Forecast includes Dodge Construction Outlook and Starts data through Dec

Residential

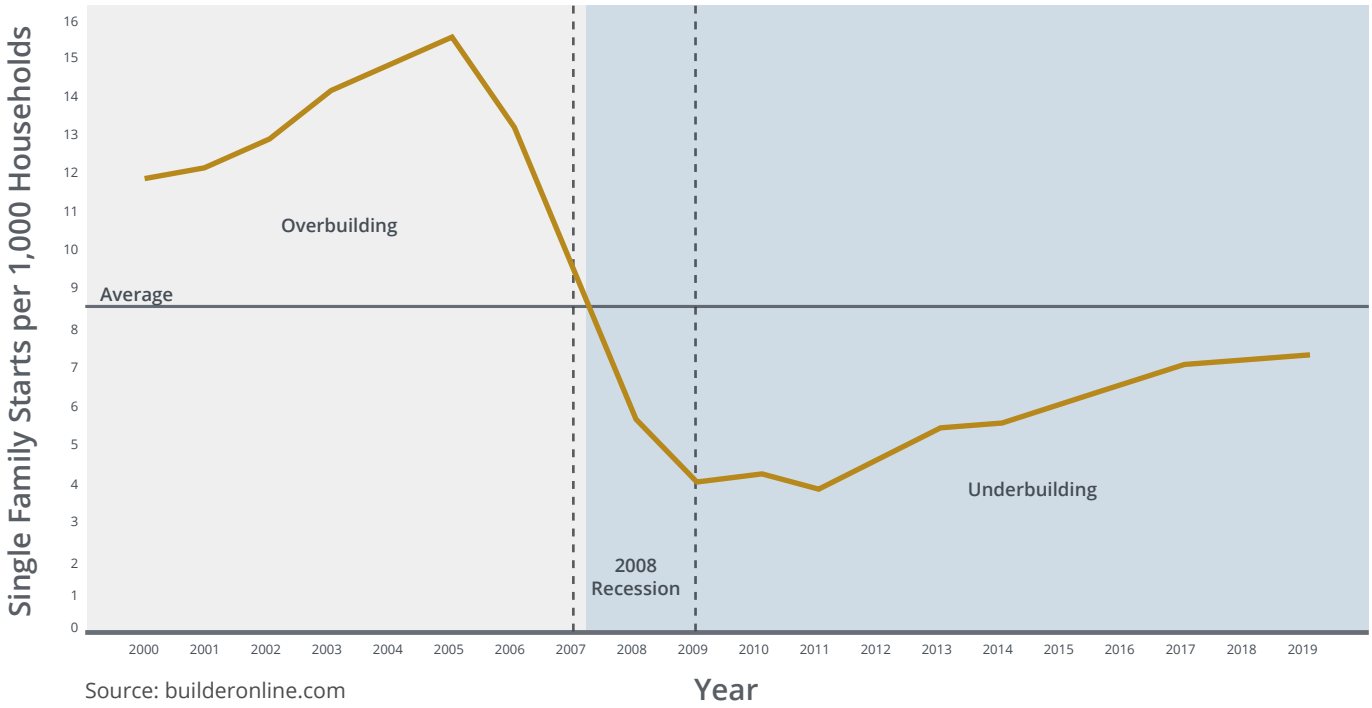
Leading up to the 2008 Recession, there was a significant overbuild of homes in the U.S. However, since the housing crisis and subsequent recession, new home builds have not been able to keep up with demand. Fast-forward to 2021 and the combination of a decade of underbuilding, record low mortgage interest rates, increased activity by Millennials looking to purchase first and second homes, and many looking to upgrade after spending a lot of time at home has sent the U.S. housing market into a frenzy.

This has been especially true in the Austin, Denver, Nashville, Phoenix, and Tampa markets which, per a recent Zillow report[1], are significantly outperforming the national housing market due to a surge in migration. Many of the people moving to these cities are coming from former migration hubs like New York, Los Angeles, and San Francisco as consumers from these areas search for more affordable housing.

Seeing as these market conditions have carried into 2021, project permits, starts, spending, and completions in the residential sector are expected to continue rising throughout 2021. Although spending on private residential construction fell 0.2% in February from January, spending in this sector is still up 21.1% from a year ago. Furthermore, December 2020 through April 2021's total monthly spending of $700.0+ billion per month on private residential projects has surpassed the previous all-time high of $678 billion set in February 2006[2]. Additionally, a strong June jobs report that showed 850,000 jobs had been added across many sectors of the U.S. economy will most likely improve consumer confidence and add more fuel to the frenzy.

Pace of New Home Construction in the Last Two Decades

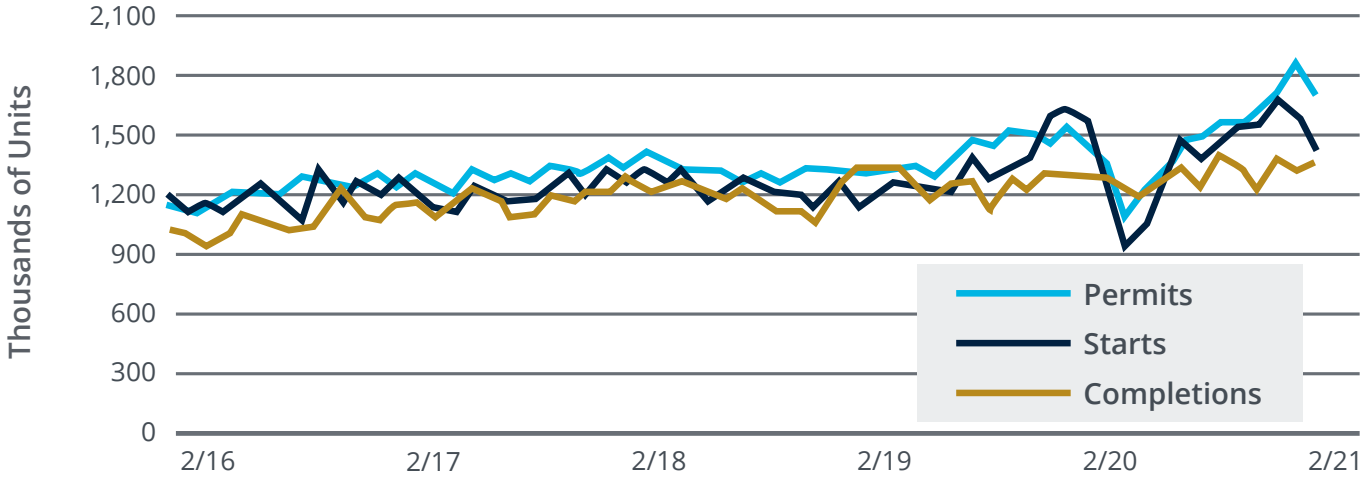
Single Family Housing Starts per 1,000 Owner Occupied Households



Source: builderonline.com

New Residential Construction

Seasonally Adjusted Annual Rate



Source: U.S. Census Bureau, HUD, March 17, 2021

Nonresidential Buildings

Contrary to the red-hot residential building market, the nonresidential building market started to decline in 2020 and total spend, starts and completions continued to fall in 2021. Unfortunately, this trend is expected to continue into 2022 as the sectors hardest hit by COVID-19 struggle to recover.

The construction sectors hardest hit by the pandemic were the same industries significantly impacted by COVID-19: hotels, resorts, retail and office space, but some of these industries were already seeing a decline prior to the global pandemic.

Retail consumers are shifting more towards online shopping and the pandemic only accelerated this trend. As for office space, many companies are adopting friendlier work from home policies that are expected to remain in place even as the world returns to "normal." These shifts in office space and retail trends are expected to result in an overall decline in capital spend and construction demand for these sectors, which is reflected in Dodge Construction's latest outlook on the following page.

Manufacturing is also experiencing a significant decline in construction spending in 2021 and 2022, but this is primarily due to project delays as opposed to the decline in the manufacturing sector. Many manufacturing projects tend to have a four to five-year timeline and become more capital intensive as they progress. When these projects were abandoned in 2020, a significant backlog of project start dates was created which has rippled through the timeline of capital deployment.

One bright spot in the nonresidential buildings space could be healthcare, which saw a 4% increase in year over year spending in 2020. Though a 5% decrease in year over year spending has been forecasted for 2021, there could be a push to upgrade and add medical facilities in response to COVID-19. Additionally, as part of the Biden administration's recently announced $2 trillion infrastructure and economic recover package, $400 billion[3] over the next eight years has been earmarked for "elderly and disabled care" which could result in spending for additional facilities.

U.S. Total Construction Spending Summary

$ in billions % growth vs prior yr	Actual 2020		Forecast 2021		Forecast 2022	
TOTAL CONSTRUCTION	1,430	4.7%	1,449	1.4%	1,423	-1.8%
Residential	616	11.8%	696	12.9%	710	2.0%
Nonresidential Buildings	462	-2.1%	411	-11.2%	384	-6.4%
Nonbuilding Infrastructure	351	2.6%	343	-2.4%	329	-3.9%
Educational	104.5	-1%	100.5	-4%	97.1	-3%
Healthcare	47.5	4%	45.3	-5%	46.7	3%
Amusement/Recreation	26.9	-7%	20.0	-26%	14.1	-29%
Commercial/Retail	83.8	4%	75.4	-10%	80.1	6%
Lodging	28.5	-14%	17.8	-37%	15.4	-14%
Office	81.1	-4%	75.9	-7%	68.0	-10%
Manufacturing	71.9	-10%	57.9	-19%	45.7	-21%
Other Nonres Bldgs	18.2	29%	17.8	-2%	17.2	-3%
Power	119.1	5%	101.4	-15%	87.0	-14%
Highway/Bridge/Street	99.2	2%	100.7	2%	100.5	0%
Transportation/Air/Rail	56.7	-1%	62.5	10%	64.0	2%
Sewer/Water/Conservation	53.4	4%	55.7	4%	55.9	0%
Communication	22.7	2%	22.3	-2%	21.7	-3%

Forecast includes U.S. Census Dec 2020 year-to-date spending issues 2-1-21
Forecast includes Dodge Construction Outlook and Starts data through Dec

Non-Building + Infrastructure Construction

In 2020, the non-building and infrastructure construction sector showed resiliency amidst the 2020 downturn as most verticals except for transportation, air and rail, saw year over year growth. This comes as no surprise since travel declined significantly in 2020, but multiple smaller project delays were largely offset by major project continuations like the multi-billion-dollar upgrades to Denver International Airport and LaGuardia Airport.

Looking forward to 2021, all sectors are forecasted to have a positive year-over-year project spending growth except for power and communications. The transportation, air and rail sectors are expected to make a huge recovery as delayed and backlogged multi-billion-dollar projects are projected to resume in 2021.

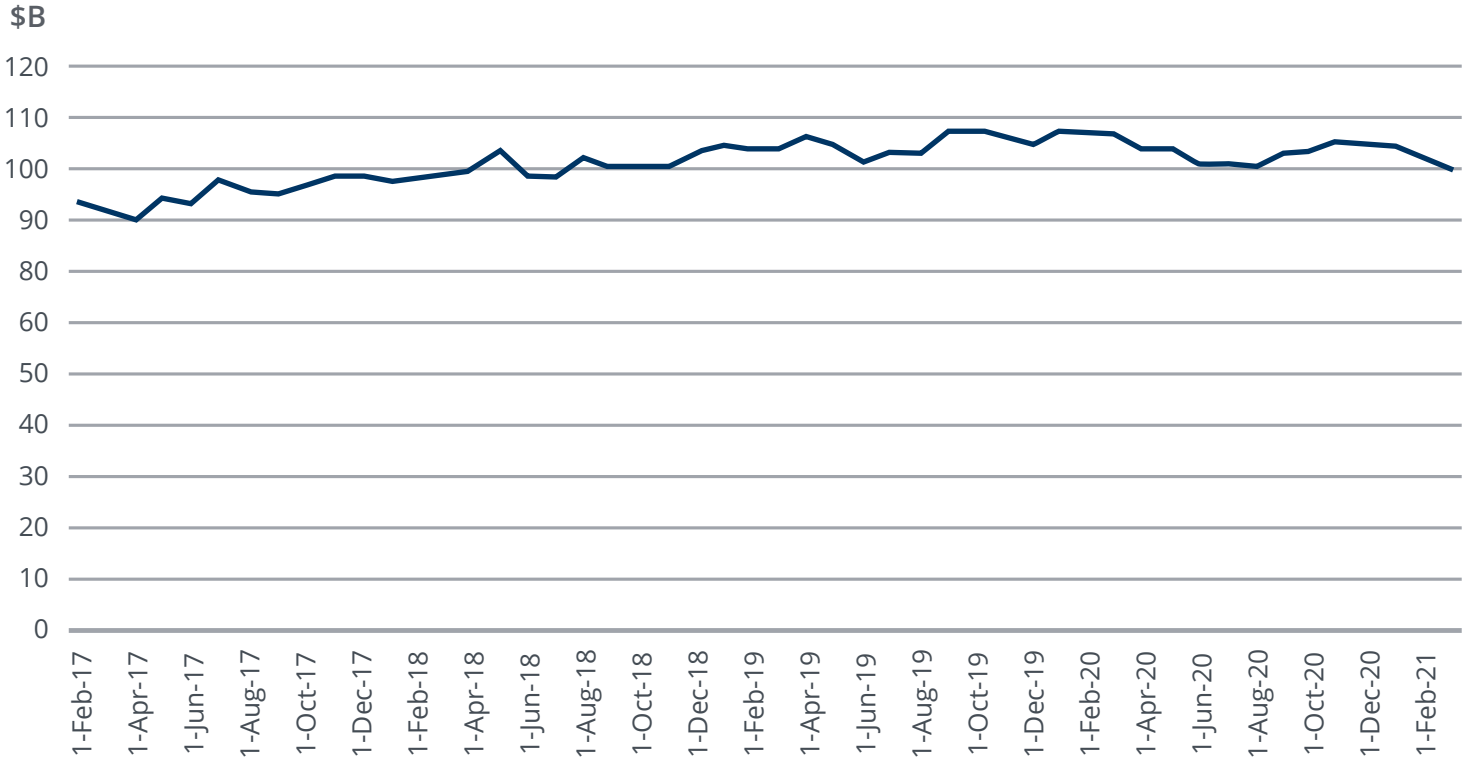
Though the power sector is expected to see a 13% increase in year over year new project starts in 2021, these projects are expected to be relatively small. Additionally, the power sector has experienced a lack of backlogged projects since 2018, which has contributed to the diminished outlook for the sector and resulted in a 15% decline in year over year forecasted spending for 2021. However, due to the significant damage caused by Winter Storm Uri in February 2021 to the Texas power grid system, the power sector could see a boost in projects and spend in Texas as ERCOT looks to make repairs and potentially upgrade facilities after millions of Texans were left without power for multiple days.

Currently, the "highway, bridge, and street" vertical is only forecasted to see a 2% increase in year over year spending in 2021, but, as part of the Biden administration's recently announced $2 trillion infrastructure and economic recover package, $621 billion[4] over eight years has been earmarked for bridges, roads, public transit, ports, airports and electric vehicle development. Should this spending begin in 2021, this sector could see a significant boost in year over year spending. Similarly, communications spending is projected to remain relatively flat compared to 2020, and the sector is unlikely to experience significant growth.

Educational Construction

From 2017 until the end of 2020, construction spending in the U.S. education space has consistently stayed within the $90 billion to $110 billion range. Since December of 2020, monthly spending has fallen from $106 billion to $100 billion and is expected to continue declining. Growth in spending over the last ten years was primarily due to a huge capital expenditure boom in the 4-year university construction space, but the pandemic has caused a serious decline in demand for these types of projects. 4-year colleges saw a significant decline in students, tuition, student fees, and, in some cases, student athletic revenue during the pandemic, which left many wondering: "How many dorms, classrooms, and other facilities will we need going forward?" Per David Burstein, a senior principal at PSMJ Resources, Inc., "Everybody wanted to put up fancy new dorms and new classroom facilities. I think a lot of that was driven by the U.S. News & World Report rankings, which put a lot of emphasis on physical facilities, and so tuition as a result just kept going up, and I think people are finally saying 'That's enough.'"[5] K-12 and community college spending is expected to receive a boost due to increased demand created by the Biden administration's infrastructure bill, which has earmarked $100B for school construction and upgrades.[6] Additionally, the Biden administration has voiced their goal of providing federal funding to make community colleges free. If this comes to fruition, then the U.S. could see a shift from the traditional K-12 public education system to a K-14 system that includes two years of community college. If this occurs, then there would be a significant increase in demand for projects in this sector.

U.S. Educational Construction Spending per Month



Source: United States Census Bureau

Rising Construction Material Costs

Currently, all sectors of the construction space are being adversely impacted by the rising cost of construction materials. For homebuilders, softwood lumber, particleboard, and plywood continue to skyrocket due to the combination of various wildfires destroying lumber supplies in 2020, tariffs on Canadian lumber imports, supply chain disruptions, stuck-at-home homeowners completing DIY projects and an increase in homebuilding activity. Lumber prices aren't the only materials under pressure, for the commercial and infrastructure construction sectors, iron and steel scraps are 60% higher and steel bars, plates, and structural shapes are 20% higher than March 2020 levels. The impacts of rising commodity prices are felt two-fold for contractors: higher material costs diminish project margins and cause developers to consider whether or not to initiate projects. These rising costs are also being passed on to homeowners or investors building new homes, which is contributing to the rise in the average nation home price.

In February, the Associated General Contractors organization asked the Biden administration to urge domestic lumber suppliers to ramp production and revisit Trump-era tariffs on all building materials in an effort to counter rising costs. However, U.S. steel and lumber suppliers are urging the Biden administration to keep tariffs as they are seeing record demand, profits, and job creation. It will be interesting to see who wins this battle, as it will have long lasting implications on the construction market. A new "winner" emerging from this battle could have major implications on the construction market. If project material costs continue to rise, the inflation could be felt on replacement cost **Property** policies (policies are priced on the cost to rebuild a building), **Business Interruption**, **General Liability**, and **Umbrella** (gross revenue estimates are factored into the pricing of all three policies).

Commodity	M/M % Change	Jan-Mar % Change	Y/Y % Change
Asphalt	4.9%	28.4%	9.0%
Brick	3.8%	0.6%	9.0%
Softwood Lumber	6.8%	15.2%	83.4%
Plywood	10.5%	18.5%	53.1%
Particle Board & OSB	11.3%	13.7%	64.9%
Gypsum	1.4%	1.7%	6.2%
Insulation Materials	0.7%	2.9%	5.2%
Cement	0.5%	0.7%	3.4%
Ready-mix Concrete	8.9%	0.7%	0.7%
Iron & Steel Scrap	10.8%	-0.6%	59.5%
Steel Bars, Plates & Structural Shapes	6.0%	16.4%	20.3%
Prefabricated Metal Buildings	4.2%	9.8%	21.8%
Aluminum Mill Shapes	2.1%	2.2%	7.4%
Copper Wire & Cable	4.1%	6.4%	26.7%
Regular Gasoline Unleaded	17.8%	28.7%	57.0%
Diesel Fuel	15.4%	30.1%	79.5%

2020 Insurance Market in Review

Unfortunately, the construction industry has seen difficulties in the insurance marketplace as P&C premiums in all industries generally increased as the broader insurance market continued to harden in 2020. This was particularly true for the **Property** and **Umbrella** insurance markets, which, on average, saw double-digit increases each quarter in 2020. The reasoning for the significant increases in these lines of coverage was due to the combination of factors:

- Several years of underpriced policies
- A record-setting year for named catastrophic storms in 2020
- A significant increase in losses related to wildfires
- The rising cost of claims due to social inflation
- Significant property damage claims related to civil unrest
- A low interest rate environment negatively impacting carrier's investment returns, and
- A reduction in overall market capacity as admitted carriers pulled back significantly in 2020

Moving forward, insurance carriers will be looking to recalibrate after yet another significant year of losses and the hard market is expected to continue into 2021. Firms operating in all sectors of the real estate sector will need to work closely with their brokers in 2021 to minimize the impact on their insurance budgets.

By-Line Fourth Quarter 2020 Rate Changes Ranged from 0.4% to +21.3%

	Comm'l Auto	Workers' Comp	Comm'l Property	General Liability	Umbrella	Average
Fourth Quarter 2020	9.1%	0.4%	12.9%	7.3%	21.3%	10.2%
Third Quarter 2020	11.0%	1.5%	14.2%	6.7%	22.9%	11.3%
Second Quarter 2020	9.6%	.7%	13.3%	6.8%	20.0%	10.1%
First Quarter 2019	9.6%	-1.2%	12.0%	5.7%	17.3%	8.7%
Fourth Quarter 2019	10.5%	-1.9%	9.7%	5.8%	13.6%	7.6%
High	28.6%	24.9%	45.4%	26.0%	51.9%	35.3%
Low	-11.6%	-12.3%	-15.0%	-13.6%	-13.5%	-13.2%

Source: The Council of Insurance Agents & Brokers

Q2 2021 Insurance Market Outlook

Many of the market factors leading to the further hardening of the insurance market in 2020 are still in effect in 2021. The U.S. is still in a low interest rate environment and the storms of the first quarter of 2021 broke records: February's Winter Storm Uri was the costliest winter storm in history and inflicted $18 billion in estimated insured losses. Additionally, the wildfire season appears to have started a month early 2021 and conditions are primed for a potentially record setting year for wildfire losses. As such, carriers will continue to place an emphasis on generating revenue through more rigorous underwriting practices and underwriters will closely scrutinize business performance, occupancy rates, retentions, pricing, as well as reduce limits and capacity.

This is particularly true for admitted carriers, causing a shift towards placing more business in the E&S market. These carriers are often better equipped to implement pricing and policy language more in line with the current risks in the market. It is expected that larger **Property** and **Umbrella/ Excess** programs in the construction space will require more carriers to achieve desired limits in 2021 as carriers that once provided $15 million to $20 million layers will now offer reduced $5 million to $10 million layers.

+ **Property** – There was a significant infusion of capital into the **Property** market in the past 6 months as newly-formed Bermuda and London E&S carriers and recapitalized U.S. E&S carriers helped stabilize pricing and capacity. Despite this additional capital, rate increases are still expected, especially for companies with a poor loss history. While admitted carriers and carriers impacted by Uri look to rebalance their portfolios, the additional disciplined capital entering the space is looking to take advantage of firm market conditions and utilize E&S policies to achieve more advantageous pricing and policy language.
+ **Admitted and E&S** carriers are weary of insuring property exposed to catastrophic storms (such as coastal properties) and are simply declining submissions with wildfire exposures. Additionally, many carriers seek to increase All Other Peril deductibles and add or increase convective storm deductibles in higher-risk locations like Texas, Oklahoma and Colorado, even if an account has a favorable loss history.
+ **Builder's Risk** – Like other markets, **Builder's Risk** policies are seeing increases in pricing and retentions not only as a result of significant losses from large fires but also due to the increased frequency of smaller claims. Large wood frame, superior construction, modular construction and renovation projects are proving to be the most challenging projects owing to the higher frequency and severity of claims in these sectors. Additionally, because of delays in projects, many insureds are seeking extensions, which can be problematic for carriers. Many admitted carriers are also starting to shy away from high-rise and multifamily residential due to claim severity in this space.
  - Separate water damage deductibles are starting to become more popular and can range from $100k to $150k, which can big a painful hit to many general contractor's income statements.

- **Casualty** – Capacity in the casualty market continues to be very tight in the construction space, as the casualty market did not see the influx of capital experienced by the **Property** market. Many companies in the construction space are finding it difficult to obtain more than $1 or $2 million in **General Liability** limits and are finding that **Umbrella/Excess** carriers are only willing to expose $5 million within the first $10 million of **Excess** limits. There is generally more carrier appetite above the $25 million attachment point, but even excess of the $25 million attachment point there is a greater need for quota share and layered participation. Additionally, many carriers are shying away from residential exposure, even it isn't the primary business of the general contractor.
- In response to COVID-19, many **General Liability** carriers are adding communicable disease exclusions and removing coverage for the transmission of communicable diseases. This exclusion applies even when negligence is claimed in the form of testing for communicable diseases, failure to prevent the spread of disease or when employees infect or spread diseases to others.
- **Auto** – Placing **Auto Liability** continues to be a challenge, particularly for accounts with large fleets, as this line of insurance has been a loss leader for many carriers for the last decade. It is not uncommon to see carriers that traditionally package **Auto**, **General Liability**, and **Workers' Compensation** together now splitting out **Commercial Auto** from their product offerings as losses in this line have made this strategy suboptimal. Additionally, some **Umbrella/Excess** carriers are refusing to attach to auto policies, making it more challenging to achieve desired limits.

- **Primary and Excess/Umbrella** underwriters, in general, are very concerned about "nuclear verdicts" particularly if an insured's loss history is indicative of a potential large loss. As such, casualty underwriters are requiring longer history of loss information as well as more details related to losses and any subsequent changes made to prevent future loss.
  - Accounts with large auto fleets, residential or habitational construction exposure, or road construction exposure are finding it hard to place the first $5 million of coverage as carriers have seen more losses in these categories.
- **Cyber** has become a loss leader for carriers in the construction industry as many firms in the space have suffered from ransomware. The most heavily cyber-attacked firms are those in the 11 to 100 (30.2% of all attacks) and 101 to 1,000 (35.7% of all attacks) employee count range, which describes most construction companies. As construction companies increasingly rely on technology (particularly the use of "bring your own device" policies) to run their day-to-day operations, they have made themselves more susceptible to bad actors. Under these pressures, cyber policies in the construction industry have become harder to place and 15-20% renewal increases are not uncommon.
- One bright spot for insurance purchasers continues to be **Workers' Compensation**, which has been a profitable line of business for many carriers and capacity remains stable. Pricing is still dependent on loss history and Modification Factors, but carrier competition over accounts with adequate to strong loss history continues to help pricing. However, pricing and capacity could be challenged if claims increase as a result of more workers returning to the workplace.

2021 Surety Market Outlook

After a decade-long soft market, the COVID-19 pandemic acted as a catalyst in tipping the scale in the surety markets. Overall economic uncertainty coupled with concerns about specific industries has led to enhanced scrutiny in surety underwriting standards. While ample capacity remains available for adequate to strong credit risks, the tightened underwriting conditions are worth noting.

In early 2020, surety underwriters were very concerned that COVID-19 would have a detrimental impact on the construction industry; however, construction was deemed an essential business throughout most of the country, allowing contractors to continue operations. Additionally, the industry was supported by PPP loans, which helped stabilize contractors' balance sheets. These factors coupled with the reopening of the economy allowed the construction industry to weather the initial COVID-19 crisis. Surety companies' concerns of the impacts of the pandemic have tempered, resulting in stabilized and adequate surety capacity.

Uncertainty about the pandemic's full impact on the construction industry has incited an increase in bonding requirements. Subcontractor bonding is trending upwards as general contractors shy away from self-insuring subcontractor risk and reduce enrollments into subcontractor default insurance (SDI) programs. Driven by increased lender requirements, private sector projects have seen an uptick in bonding as well.

While abundant surety capacity remains available for qualified contractors of all sizes, the tightening in underwriting standards is worth noting. Following a decade of record profits, the surety industry's reserves are robust; losses have remained relatively modest and in-line with prior years' results. It is likely that the hardening market will be more impactful to newer entrants. Contractors with strong relationships with their brokers and sureties will continue to enjoy stable surety support.

Navigating 2021

- **Building Valuations** – As mentioned previously, construction costs are on the rise and, as such, insureds should evaluate if their limits could adequately cover a total loss and rebuild in the current cost environment. To help confirm proper coverage, building values are being reported on a replacement cost basis using indices that detail cost trends by geographic area and type of occupancy. The indices help provide a cost trend factor in order to make more accurate property schedules. IMA service teams can help provide these indices or consult on property schedule methodology.

- **Higher Claims in Times of Recession** – Statistics evidence a significant increase in claims (and fraudulent claims) during times of recession. In particular, there is a significant uptick in claims relating to slip and falls, workers' compensation, and stolen tools from job sites. Insureds in the construction space should especially be aware of this trend and have a plan to address these incidents.

- **Business Interruption Assumptions** – Even though there is a lot of optimism around vaccines helping improve the economy and allowing employees to return to offices, companies should be realistic with their revenue projections when making assumptions for the purposes of business interruption calculations. Many construction companies are working through project delays, which could result in income statements being more impacted that originally anticipated.

  Unlike **General Liability**, **Workers' Compensation**, and **Auto** policies, **BI** is not audited; meaning there is no reconciliation at the end of the year or credits granted for overestimating revenues, and insureds should be conservative on their revenue estimates since there are many market factors and regulations impacting when projects will resume or when other construction sectors will reach pre-pandemic demand levels. Conversely, underreporting too much can result in being significantly underinsured if/when occupancy and rent rates return; coverage is based on a percentage of monthly estimates and trailing twelve-month actuals. All of these factors should be contemplated so that insureds are not overpaying for their BI insurance but still carrying adequate coverage.

- **Higher Switching Costs** – If forced to switch from an admitted carrier to the E&S market, insureds must remember that these policies come with stamping fees and surplus lines taxes. Additionally, these policies are generally more expensive (before the additional taxes and fees) as they are designed to cover more risky lines of businesses/occupancies or provide coverage for non-traditional types of exposures.

Keys to Success in 2021

+ **Begin the Renewal Process Early** – The **General Liability**, **Excess/Umbrella**, and **Property** markets have become constrained and more difficult to navigate in the hard market. Additionally, many blue-chip admitted carriers in the construction space are offering less capacity and more carriers are being required to achieve desired limits. Due to general price increases across all lines of coverage and all industry sectors, underwriters are being inundated with submissions as brokers and insureds look to minimize the additional costs and turnaround times for quotes are increasing. **In order to achieve the best results, insureds should begin their renewal processes earlier than usual as to allow for brokers to successfully canvas the market, work diligently with underwriters in detail and negotiate the best terms.**

+ **Look to Partner with Carriers When Possible** – Strong relationships with key trading partners are always important, but even more so in difficult times. This business philosophy also applies to insureds' relationships with carriers. Where possible, insureds should look to meet (even virtually) with their current and prospective carriers. **This interaction not only builds rapport and allows them to put a face (or voice) to a submission by telling their company's story; it also allows for insureds to control the narrative of their risk versus letting underwriters decide.** This is particularly true if there has been losses and insureds are able to explain what happened and use the opportunity to discuss lessons learned and what new practices have been implemented, as opposed to underwriters simply reading a loss run.

+ **Highlight Cybersecurity –** With cyber policies becoming more expensive and difficult to place for construction clients, it will be important for insureds to highlight the specificity of their cybersecurity programs. **Make sure to highlight any additions in cybersecurity staffing or upgrades to programs as well as lessons learned from previous attacks.**

+ **Highlight Safety –** Carriers are always looking to analyze JSAs and other EH&S practices, but underwriters will add more scrutiny to jobsite safety in the hard market. If there have been claims in the past, it will be important to explain to carriers what lessons were learned and how the company is working to not have repeat incidents. **IMA's Client Advantage EH&S and risk control professionals can help strengthen policies, provide training based on the latest regulations, or provide on-site audits of jobsites.**

- **Contracts –** Carriers are becoming more and more interested in indemnity language in work contracts. Many underwriters are even asking for samples of contracts to review as part of their renewal process in order to see what insureds are agreeing to indemnify. **IMA Client Advantage attorneys can help tighten indemnity language and give feedback on current contracts that will help protect our clients and make them more attractive to underwriters.**

- **Familiarity with State & Local Laws –** Insureds should work to be familiar with the state laws applicable to their insurance program, risk management strategy, and operations. **There can be significant differences in litigation outcomes state by state and even county by county depending on the jurisdiction.**

[1] *https://www.zillow.com/research/zillow-hottest-markets-2021-28667/*
[2] *https://fred.stlouisfed.org/series/PRRESCONS*
[3] *https://www.cnbc.com/2021/03/31/biden-infrastructure-plan-includes-corporate-tax-hike-transportation-spending.html*
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NPN 1316541 | IMA, Inc dba IMA Insurance Services
California Lic #0H64724

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07/2021