

About Howden

Super specialist

We are international insurance and reinsurance brokers, risk consultants and employee benefits advisors.

More importantly we are experts in helping our clients adapt and thrive in a changing world. We offer clients seamless access to a global broking network and international specialty markets.

4000
people

£7b
premium

35
countries



● Howden / Howden Specialty territories

● Howden One partners territories

Howden Construction & Property PI

Size

£70m Gross Written Premium placed annually in C&P, £700m across Financial Lines

Expertise

We have on the largest, most experienced specialist construction and property teams in the UK with 20+ specialists in the PII team alone.

Industry Knowledge

6000 Professional services clients throughout the development supply chain including Architects, Consultants, Engineers and Surveyors.

Claims Support

Dedicated in house team of 30 professionals.

Howden Industry Engagement

Howden are an Industry networked consultant providing thought leadership and Risk Management advice with our partners across the built environment.



INTERACT
INFORM
INFLUENCE

The Housing Forum is the only cross-sector, industry-wide organisation that represents the entire housing supply chain.



GIRI is a group of industry experts, organisations and businesses dedicated in eliminating error and improving the UK construction industry.



Owned by the industry; acting on behalf of the industry the risk management hub delivers the intelligence that is critical to success in infrastructure.

Howden Market Update

High Losses + Oversupply = Market Retraction in the UK.

Notable capacity has withdrawn across all lines – Contract Works, Latent Defects, General Liability, and more recently Professional indemnity.

PII MARKET

- LLOYDS REVIEW IN LATE 2018 – PII the second worst performing class in Lloyds.
- CAPACITY REDUCTION – Syndicates no longer writing business, smaller line size
 - - New middle layers required increasing costs for you
- RATES INCREASE – Minimum 20%, to 300% over last few years.
- RESTRICTED COVERAGE. FS. CON LOSS. LIMIT BASIS to costs inc/ agg

Three main areas of exposures that cause claims

Design Risk

- Structural Calculation Errors
- Lack of design instruction for D&B contractors
- Errors in source info – Contractually liable. Correlation between someone else's plan of sewage pipes with your road plans
- Cost vs quality - Value engineering
- Poor audit process
- Lack of Records
- Promising to much too client iro design ability

Three main areas of exposures that cause claims

Exterior Forces

- Bad Project Management above you.
- In projects likely to sensitive to delays in build – Con losses on infrastructure projects
- Cost overruns - Is funding too little for scale of project

“The Contribution”

Engineer is brought into a dispute between the client and another party (e.g. contractor). Client finds it difficult to pin-point blame due to lack of clarity on causation so sues all parties involved – often clients put whole team on notice (usually after claims being intimidated by the Contractor for loss and expense resulting from delays).

Managing Risk

Why should you focus on managing risk?

- Reputational damage
- A successful claim will cost your firm at least the value of the excess and a potential rise in premium
- Even if unsuccessful, a claim must be defended and defence costs can be very costly
- If correct procedures aren't followed insurers may not be able to defend you
- Litigious society - firms have to think more carefully about the environment in which they operate
- A significant claim can close down a business.

Managing Risk

Internal procedures

- Don't operate outside core area of expertise
- Contract Terms
- Ensure a clear design brief and any subsequent changes must be clearly documented
- Higher value projects - dual sign off
- Peer review of design for accuracy of calculation / design suitability
- **Keep accurate records** of all communication with clients
- Careful vetting of sub-consultants and sub-contractors / due diligence / adequate insurance. Subrogation recovery's are never 100%
- Fee disputes may lead to a complaint – keep an eye on credit control

Managing Risk

Due diligence of projects

- Is the job commercially attractive?
- Are client requirements adequately defined?
- Is task/project within capability?
- New Commissions – client due diligence and senior-level sign off
- Is it under funded or timescales unrealistic?

Plan ahead of renewal

- Firms need to be aware of the market challenges and how Insurers assess risk, and be particularly mindful of the specific risk exposures that exist in the work undertaken.
- We recommend you talk to your broker well in advance of renewal and ask them to explain their plans for navigating you through your next renewal period.
- Insurers are looking for the very best firms to underwrite, so don't just rely on your proposal form to get the best terms out of the market. Talk to your broker about what additional information you can be providing to your insurers because even small things can make a difference and help alleviate any perceived concerns they may have.