

Start



PROJECT LAUNCH

Developers draw up plans for a project and, having secured funding and been given the green light, must decide to either arrange owner-controlled insurance, or ask the contractors to insure it.



BROKER APPOINTED

All corporate construction and engineering deals need an intermediary.

The path to cover: Insurance distribution in construction and engineering

Tender process

PUBLIC SECTOR

Time it takes: 3-6 months



EUROPEAN COMPLIANCE

Public sector projects over a certain contract size (usually €5m) must go through EU procurement rules. Brokers manage this process, known as the OJEU.



EXPRESSIONS OF INTEREST

A pre-qualification questionnaire (PQQ) is issued for insurers looking to pitch. Providing they pass the PQQ, an invite to tender goes out with further project information.

SHORTLISTING

Applications are evaluated and a shortlist drawn up. A 10-day 'cooling off' period occurs where rejected underwriters may appeal against the decision.



PRIVATE SECTOR

Time it takes: 2 months



MEET THE TEAM

The broker gathers as much information as possible on the project and brings in key people to meet insurers (such as engineers and project directors) to raise the profile of the project.



PACKAGING

The broker then packages up the project into an underwriting pack ...



COURTING INTEREST

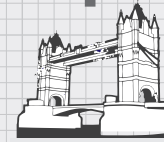
... and walks it around the market to encourage an insurer to put down a price.

Final stages

ESTIMATED MARKET SIZE:

£2bn

Corporate construction



LONDON MARKET

A lead insurer emerges. A strong and knowledgeable lead insurer gives the market confidence to follow suit.

Other insurers join to provide cover for the project. This can either be through a layered approach or a quota share.



UK GI

Smaller risks are more likely to be treated as a whole project with a single insurer, such as one of the large composite insurers.

£2,500

Average premium for a £1m construction project



DEAL SEALED

Binding authority granted to the coverholder.

PROFESSIONAL BODIES' INSURANCE PROVIDERS:

The Royal Institution of Chartered Surveyors

Membership: 90,000
Cover: Professional indemnity and personal lines property
Provider: Howden for professional indemnity, JLT for real estate

Royal Institute of British Architects

Membership: 40,000
Cover: Professional indemnity
Provider: Riba insurance agency

The Federation of Master Builders

Membership: 10,000
Cover: Legal expenses
Provider: DAS legal expenses insurance brokered through Aon

The Institution of Civil Engineers

Membership: 82,872
Cover: Professional indemnity
Provider: Marsh

