

CONSTRUCTION

10 Risks Facing the Construction Industry

INCREASING STORM SEVERITY •



The increasing intensity and frequency of **hurricanes and other weather events** impacts worksites. Contractors and project owners should double check their builder's risk and liability policies to see if they have adequate cover for storm events.

HIGH IMPACT

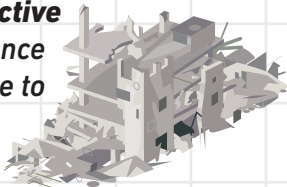
THE IMPACT OF COVID-19 •



Throughout 2020 and 2021 construction projects suffered significant delays due to the pandemic. Given the small profit margins that many construction projects operate on, many contractors might not be able to withstand the pandemic financially.

DEFECTIVE ENGINEERING •

The collapse of a condo wing in Florida is an example of the liabilities connected to defective engineering. Delayed maintenance repairs of some \$15 million are sure to be at issue when lawsuits stemming from the collapse are heard in court.



LABOR SHORTAGE •

Finding qualified labor at all levels has been an issue for the construction industry for years. Commercial, residential and public sector construction projects could face project delays and safety exposures as a result.



GROUND SUBSIDENCE •

Construction projects can suffer reputational and financial consequences when underlying soils prove to be unstable. The Millennium Tower in San Francisco, is one high-profile example of this. Despite a \$100 million correction project, the tower is still sinking and spawning lawsuits.



EXORBITANT MATERIALS COSTS •

Spiking costs of lumber, steel and other components were a problem in construction through much of 2021. By the second quarter of 2021, it was estimated that structural steel prices alone had risen 91% since the fourth quarter of 2020.



LOW FREQUENCY

HIGH FREQUENCY

ENVIRONMENTAL LIABILITY •

When contractors disturb soil with lead or other contaminants, the owners and contractors can be held liable. During construction of a casino in Baltimore, it was alleged that toxic chemicals were allowed to leach into a local river, resulting in lawsuits from local residents.



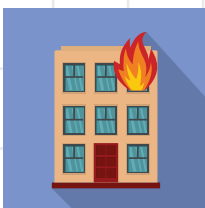
OPIOID MISUSE •

The misuse of opioids by construction workers can lead to an average of more than \$8,500 in additional costs per year. Construction is still male-dominated and statistically, men are more likely to misuse drugs and alcohol than women are.



THE WOOD-FRAMED FIRE THREAT •

Construction projects using wood framing are susceptible to catastrophic fire events. If "hot work" where power tools such as torches and circular saws is not supervised properly, sparks or intense heat can provoke a fire.



REGIONAL REGULATORY HURDLES •

New York's Scaffolding Law is one example of legal snares awaiting construction companies.

In the case of the New York law, workers' compensation is not the sole remedy, and lawsuits filed by workers can strike general liability policies.



LOW IMPACT