Risk Solutions for Developers

Aon helps developers manage volatility and drive growth

New construction developments are transforming the skylines of cities across the United States and around the world. As developers of all sizes and backgrounds work to seize the opportunity afforded by an unprecedented growth cycle in U.S. construction, these organizations increasingly turn to Aon to answer fundamental questions about risk exposures that affect profitability, continuity and growth:

- How does significant project activity affect my existing corporate insurance program?
- Can we ensure consistency in risk management approaches when expanding into new states?
- How can our organization stay up-to-date on recent legal decisions that affect the risk landscape facing our projects?
- What solutions can my risk advisor identify for me to navigate the challenging builder's risk marketplace – especially for frame construction?

Aon is the leading risk advisor to national and local developers. As part of our industry-leading team focused on the construction business, we work with 30% of the real estate development marketplace, including major share in the country's largest growth markets. Our client experience, resources and expertise differentiate our approach. We also integrate closely with Aon’s Real Estate Practice to ensure best in class solutions and consistency of coverage for completed projects and operations.

Assessing Project Risks

Aon Project Solutions has more collective construction project and wrap-up experience than any other broker in the world. Annually, we manage more than 40% of all project-specific and rolling controlled insurance programs in the United States.

An End-to-End Approach

We take an end-to-end approach that empowers project developer to most effectively manage and mitigate risk – from project design through operations. Our services can encompass:

- Facilitating dialogue between the developer and the construction team to understand project delivery methods and all exposure to loss.
- Reviewing project design, construction, supplier and third-party agreements to evaluate optimal risk allocation for the developer with other participants.
- Identifying risk solutions that align with individual project and organizational objectives and strategies.
- Proposing project-specific insurance solutions, including feasibility analysis for the various insurance options available.
- Analyzing operational insurance coverage for pricing coverage and responsiveness.

Developers can bank on our unparalleled construction risks expertise:

- Over the past 20 years, Aon Project Solutions has managed risk for more than 12,000 projects
- Collectively, we’ve placed insurance coverage for more than $2 trillion in construction value
- We placed nearly $200 million in controlled insurance program premium in 2017

Our proven methodology can help clients benchmark against their peers and develop programs to improve coverage while containing costs. Aon places more than $600 million in premium annually on behalf of the real estate industry and its participants.
Illuminating the Options
We work with you to examine the full range of project risks and insurance solutions, from traditional property, casualty and specialty insurance, to performance security options to protect you in the event of contractor or subcontractor default. We also help clients evaluate and navigate owner-versus contractor-procured coverage to align with the goals of the project.

CAT Risk Analyzer - Flood zone: Miami / Dade County

Zeroing In On Jurisdictional Risks
The Aon Construction Risk Portal brings clarity to the risks of construction projects in specific jurisdictions and natural catastrophe areas. Aon colleagues and clients can tap into the Portal to assess requisite limits of insurance, evaluate Probable Maximum Loss, understand required contract language in different geographies, and more.

Navigating the Builder’s Risk Marketplace
Following several high-profile losses and claims due to fire, we have seen significant pullbacks in capacity in the national builder’s risk marketplace, which has led to class-specific price increases and reductions in terms and conditions for developers, particularly in projects being developed with frame construction. CATexposed projects are especially challenged from a builder’s risk pricing standpoint, due to additional perils like earthquake and windstorm. Aon has worked with domestic and London markets to create new builder’s risk capacity specifically to developers through a customized portfolio solution that developers can leverage to obtain much needed capacity. This features capacity over $100 million, broader terms and conditions than available through traditional markets, and claims resolution through a team specifically dedicated to valuing and preparing builder’s risk claims. The end result is a differentiated solution for developers that helps mitigate challenges associated with broader market trends in builder’s risk, protecting profitability and reducing volatility at critical stages in the course of construction.

Controlled Insurance Programs (CIP)
• A project or capital expenditure program, purchased and controlled by the owner for their benefit as well as all enrolled sub-contractors performing work at the project site(s).
• Today, the CIP concept is evaluated for capital expenditure programs of $100 million annual spend and most single projects exceeding $100 million in construction, due to enhanced coverage and the potential cost savings.