

BRIC Bovill Risk &
Insurance Consultants

THE NEW WORLD

Why insurance matters

My insurance premium is HOW MUCH?



Current Insurance Market

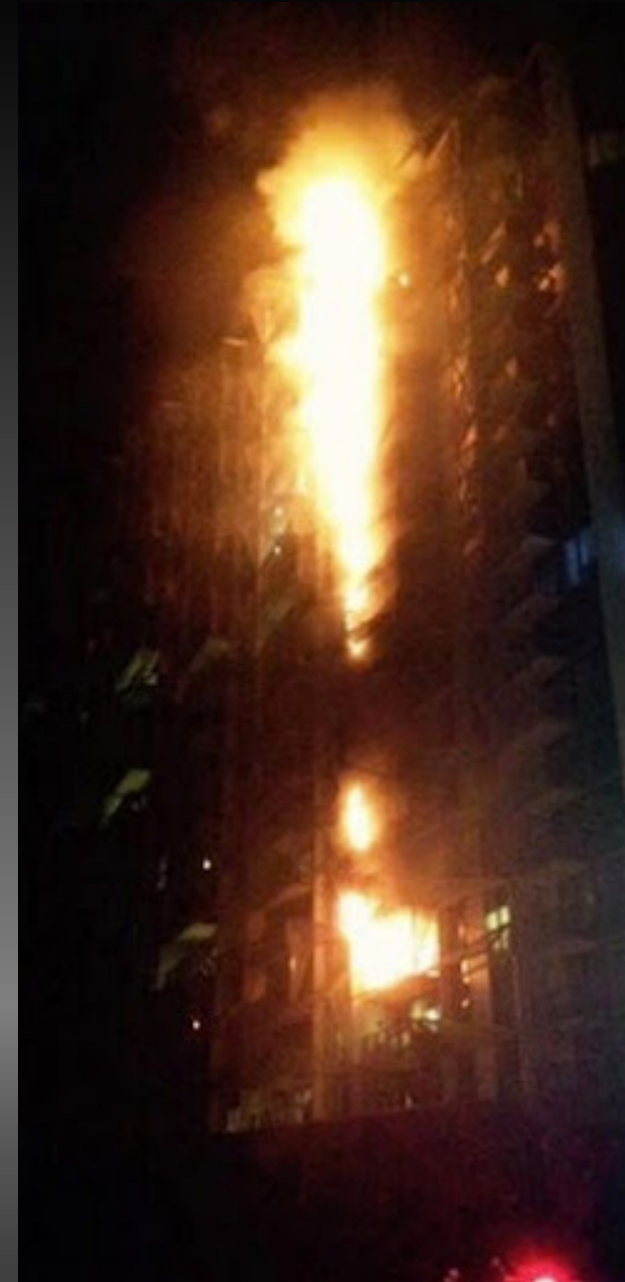
Our background is as a boutique insurance broker specializing in Commercial & Domestic builders, Engineers and Certifiers/Surveyors insurance requirements;

Certifiers are particularly tricky;

Historically the insurance industry has underrated building surveyors;

Lacrosse then Grenfell has caused the insurers to take notice;

Lloyd's historically the market – suffering massive losses – tightening up;



the Consequences?

Available insurance providers reduce to 3-4 – who are extremely selective;

Some examples with No significant change in risk

A \$3M fee income firm – 5-6 certifiers

- 2018-19 Premium \$90K 2019-20 Premium \$420K
- Excess \$50K increased to \$150K

A \$200K fee income firm – 1 certifier

- 2018-19 Premium \$3K 2019-20 Premium \$25K
- Excess \$5K increased to \$15K

Restriction in cover

- Flammable cladding exclusion
- Legal Defence Costs now included within the limit



the Response?



- Building Ministers Forum agreed to implement the Shergold Weir Recommendations;
- Recommendation 21 – Product Accreditation
- Insurance industry considering wider implications
 - Policy exclusions – non compliant building products;
 - Closer examination of product inputs;
- Certifiers becoming risk averse;
- Increased accreditation standards to be applied to certifiers;

What is the Insurance industry doing?

Typically the insurance industry is reactive – eg: Grenfell;

Expanded Polystyrene Sandwich Panels

- 300% increase in premiums
- Few if any insurers will accept the risk
- Food processors, refrigeration etc

Insurance Council have a rating A - D



Flammable foam panels send insurance costs skyrocketing for

Jun 6, 2019 - The expanded polystyrene (EPS) panels are highly flammable and have been ... Since then, Australian-based insurance underwriters have ...

EPS blamed for rising premiums in food production industry ...

Dec 1, 2018 - Have you noticed insurance premiums in the food production industry ... However, a Gallagher report found that older EPS panels are highly ...

“EPS may be less expensive to install but you will end up paying times more than the cost difference in premiums over the life of building” – Major International reinsurer

What is the Insurance industry doing?

Underwriters paying far more attention to this aspect of risk;

Fire Risk Engineers

- Traditionally examined fire protection measures – sprinklers, fire separation etc;
- Now closely examining the components that form part of a building;
- Not only cladding but fasteners, glues etc;

Policy exclusions

- Already flammable cladding exclusions in many policies;
- beginning to see new product liability exclusions relating to non-compliant building products;
- Always have had exclusions relating to defective or not fit for purpose.



How to counter this? – Product Certification

Differentiate your product

- No mention of flammable qualities on websites!
- Insurance cost can be substantial through use of wrong product;

Australian Testing to achieve accreditation

- JASANZ;
- FM Global – insurers give significant weight to this standard;
- CSIRO;
- Cheap imports from overseas – DO NOT GO DOWN THIS PATH!



How to counter this? – Product Certification

Australian Building Codes Board – Recommendation 21

Recommendation 21:

That the Building Ministers' Forum agrees its position on the establishment of a compulsory product certification system for high-risk building products.

- An update is scheduled for the BMF in March/April 2020
- Will be a long term process;



Building Surveyors require support to not approve products without certification

- Legislative backing to make it difficult to change certifiers;
- Education for builders/designers/property developers;

How much will my insurance premium be?

Things to concentrate for the future to minimize the potential impact on your premium

How well do you managed your supply chain?

- Examine the quality of the original manufacturing;
- Review their quality control and certification process;
- Your quality review of every batch;

What is the quality of your record keeping and product tracking?

Detail your track record with product quality and returns;

Explain your own product accreditation process;

How you publicise your products properties and suitability for applications;

- On your website
- Product Specification sheets
- Product Labelling



Questions?

