



NORTH AMERICAN CONSTRUCTION SUMMIT

JW Marriott Camelback Inn Resort & Spa | Scottsdale, AZ | February 9-10, 2026

The Rising Cost of Risk



Daniel A. Cribbs, Esq.
Segal McCambridge
Los Angeles, CA



Rose Hall, P.E.
RH Business Ventures, LLC
Irvine, CA



Krissy Mendoza,
AIC, CCP, CRIS, ICMS, SCLA
American Contractors
Insurance Group
Richardson, TX



Mark A. Rhodes, P.E.
Rimkus
Atlanta, GA



The New Reality: Weather is No Longer Just “Part of the Job”

The Facts

- **Climate volatility** is reshaping construction risk – endangering our people, projects, and profits.
- The increasing **frequency and severity of extreme and daily weather events** are directly impacting project schedules, budgets, and worker safety.
- As a result, the insurance market is tightening coverage, increasing costs, and **shifting the risk.**
- Traditional methods of relying on contract language, operational adjustments, and schedule crashing are **no longer sufficient in this new climate reality.**
- If you’re not sure who covers **“non-damage” business interruption**, it's you.

The Consequences

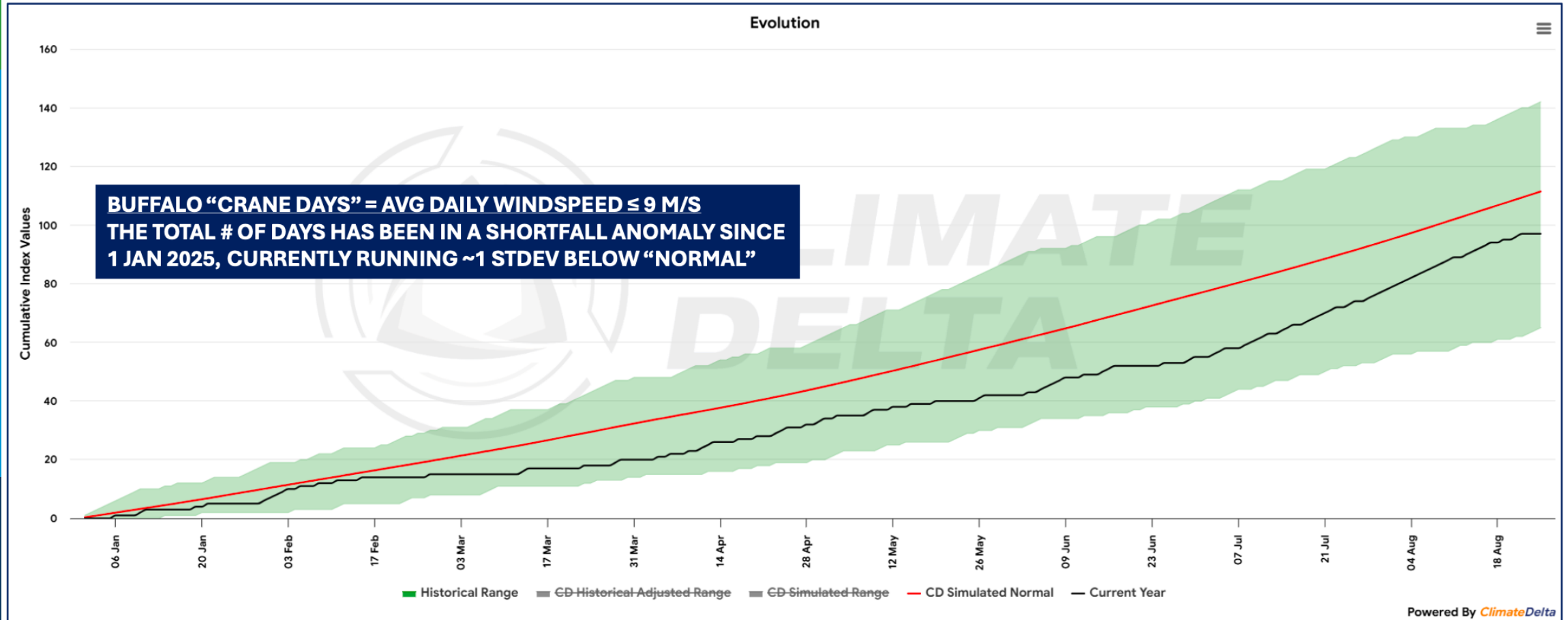
Financial Exposure

Worker Safety

Project Delays



Use Case: Crane Days in Buffalo, NY





Weather Risk: From Daily Disruptions to Portfolio Protection



Excessive Rain



Supply-Chain Disruptions



Extreme Heat



Delayed Seasons



Extreme Cold



Off Label: Deductible Indemnity Fund



High Winds



Off Label: Bid Competitiveness

Data, Analytics and Weather Insurance can save the day!



The Benefits: Speed, Clarity, and Flexibility

1.

Fills Critical
Coverage Gaps

2.

Speed of
Payout

3.

Clarity &
Transparency

4.

Injury Prevention
Through Design

5.

Customization &
Flexibility

6.

Self-directed
Funds

Key Insight: *It's not a replacement; it's a crucial complement to your existing insurance program.*

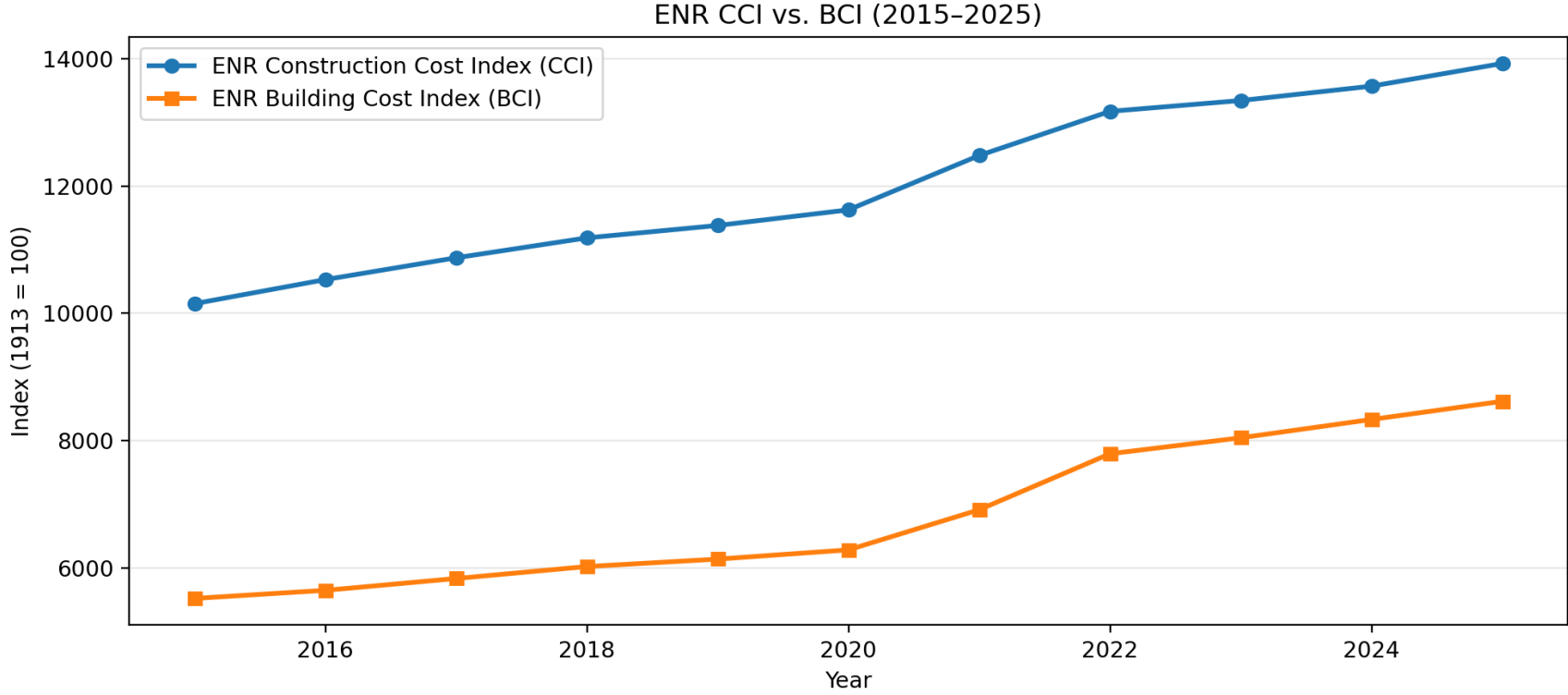


Rising Construction Costs

- Since 2019, the ENR Construction Cost Index (CCI) and the Building Cost Index(BCI) have risen 26.1% and 45.37%, respectively.
- Large parts of those increases have been in material price increases across the board. The largest material individual price increases have been in structural steel, asphalt and electrical/mechanical components.
- The increase in specialty construction projects such as data centers, life sciences and high-tech manufacturing necessitate the use of proprietary and long lead materials/components which increase overall project risk.



Rising Construction Cost Indices



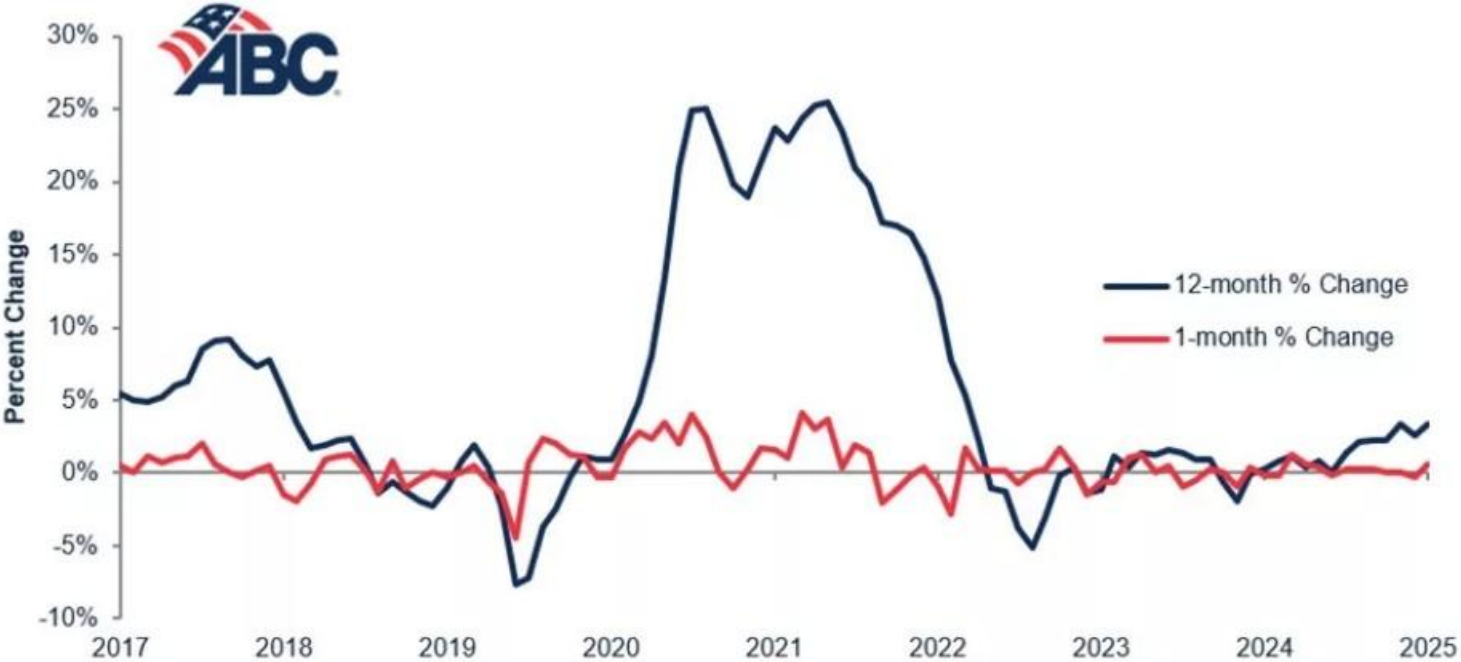
Notes: CCI values are Dec for 2015-2021; Nov 2022; Jun 2023; **Dec 2024 (user-supplied 13571)**; Sep 2025.
BCI values are annual avgs for 2015-2022 (Oregon DAS ENR-based), Jul 2023 & Jul 2024 (Oregon DAS), Sep 2025 (ENR).

Source: Engineering New Record Construction Cost Index



Rising Construction Material Costs

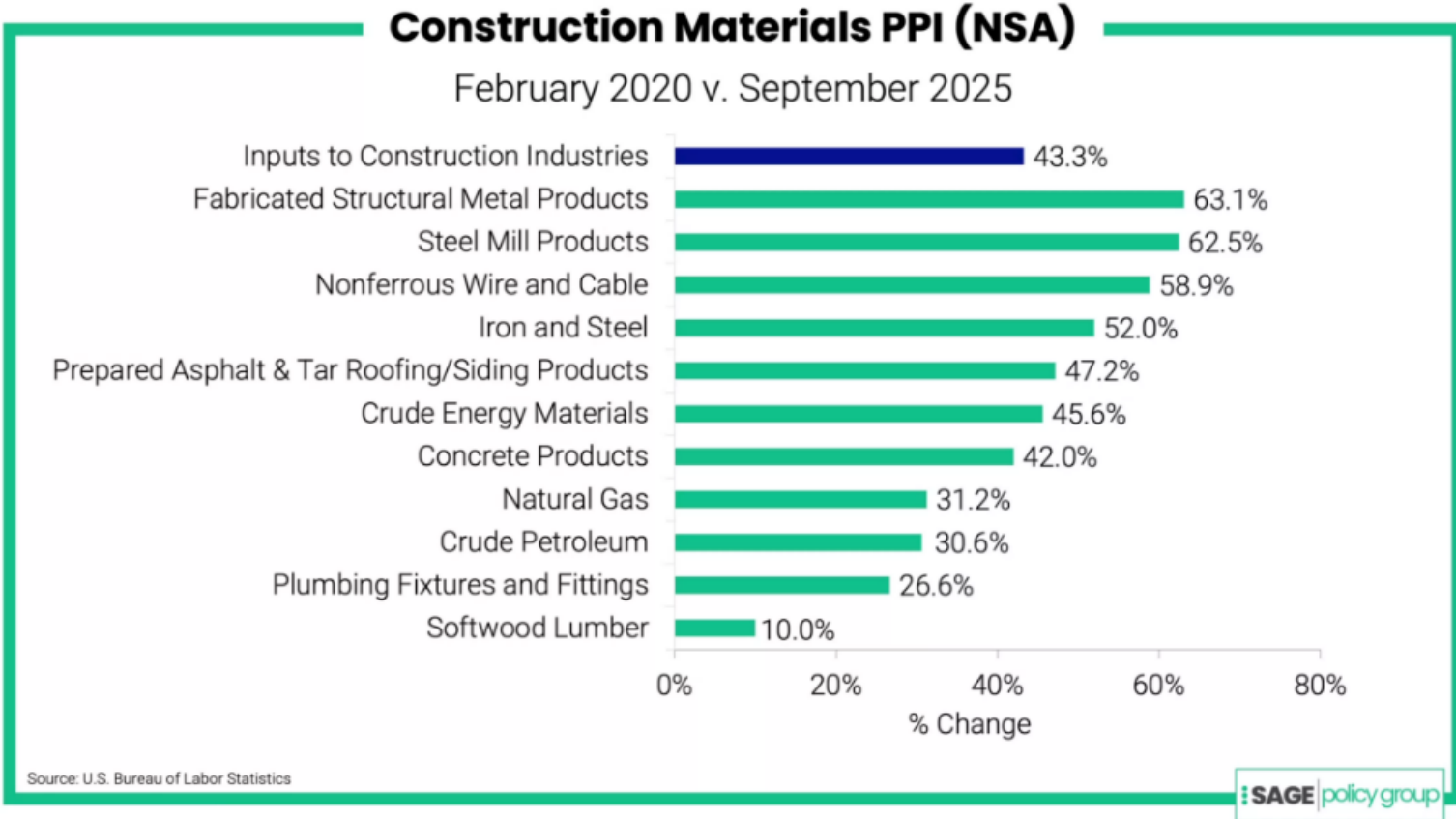
Producer Price Index Percent Change Inputs to Construction Industries
November 2017 Through November 2025



Source: U.S. Bureau of Labor Statistics, Associated Builders and Contractors



Rising Construction Material Costs



Source; Engineering New Record article "ABC: Construction Industry to Face 'Real Risks' in 2026" December 2025

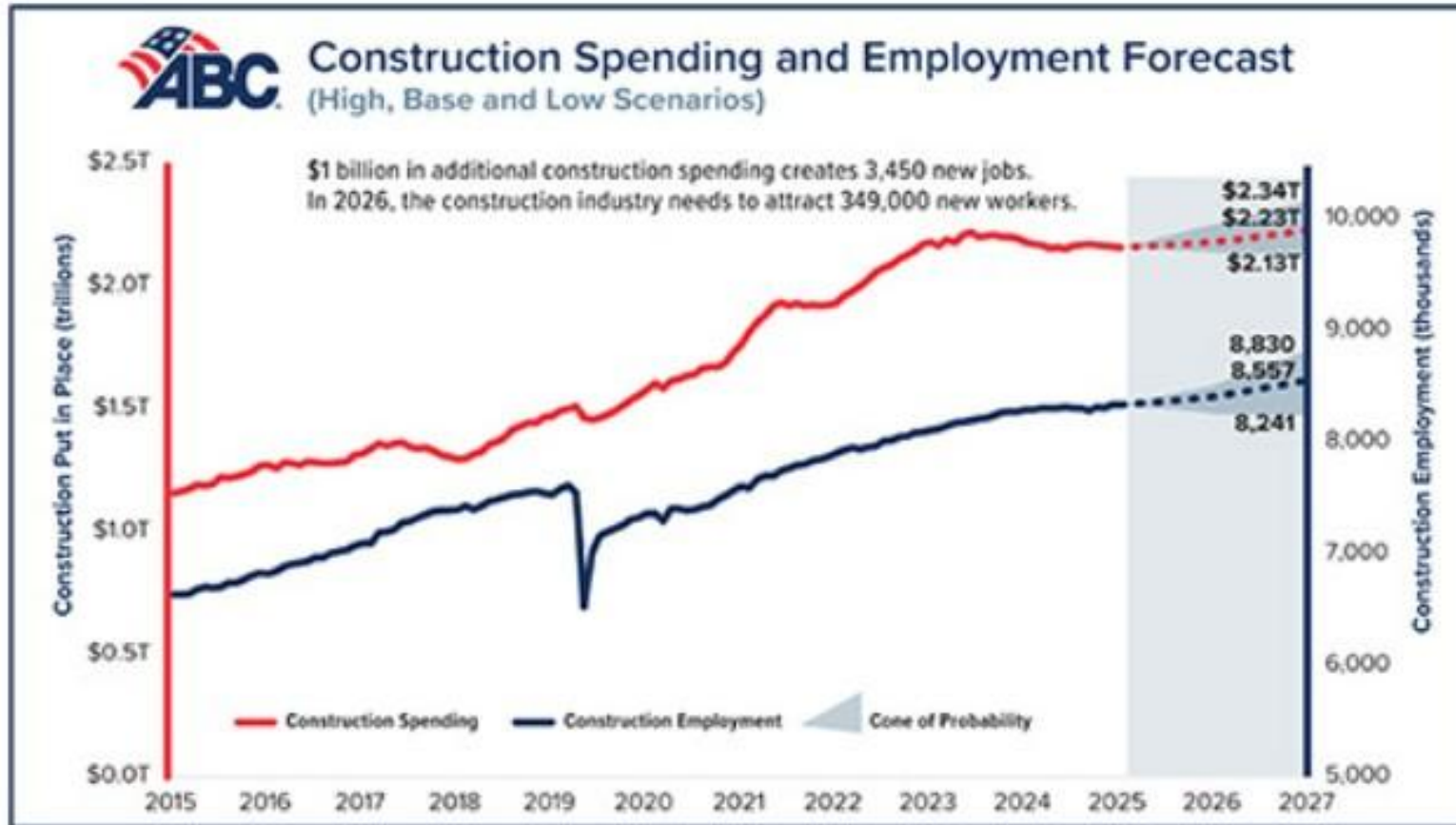


Rising Construction Labor Needs

- A shortage of workers creates an increase in risk in many ways.
- The Associated Builders and Contractors (ABC) has forecasted that given construction backlogs and starts that the industry needs 390,000 new workers in 2026 – half of which is just due to retirement of older workers – about 20% of the construction workforce is over 55.
- The hardest segment in the labor market to increase/replace is skilled labor. The increase in specialty construction (think data centers) has strained the skilled labor market especially in the roofing, electrical and mechanical trades.
- Employers must work with industry trade groups to better market the benefits of working in the construction trades to meet these goals. Innovative ideas to attract at an early age (high schoolers) to the industry using tech tools and hands on training.



Construction Labor Needs





Construction Workforce Development

- Construction employers must work with industry trade groups to better market the benefits of working in the construction trades to meet these goals. Innovative ideas to attract at an early age (high schoolers) to the industry using tech tools and hands on training.
- Attraction to skilled trades training must be ramped up by industry trade groups and unions to show benefits of those trades at completion of training.
- Assistance with recruiting and training has to come from the suppliers such that their customers can do more work and therefore buy more of their products.



Construction Workforce Development

THE HOME DEPOT PATH TO PRO

**TRADES TRAINING.
JOB CONNECTIONS.
FREE WITH PATH TO PRO.**

Building the Next Generation
of Trades Professionals

The Path to Pro Skills Program
The Skills Program is a **FREE** virtual training program offering introductory construction education and career curriculum, including:

- Construction Fundamentals
- Jobsite Safety
- Navigating Tools
- Construction Materials
- Communication Skills

The Path to Pro Network

- Build a **FREE** profile to showcase your skill sets, qualifications, and work portfolio
- Apply to trade jobs and connect with hiring Home Depot Pro customers
- Gain on-the-job training and learn from experienced Pros

LEARN MORE Visit PathtoPro.com | Scan the QR code

©2024 Home Depot. All rights reserved.



Considerations for Claims Professionals



Weather-related construction claims require extensive documentation, including causation analysis for delay, extended exposure, and site access issues.



Construction labor shortages force reliance on overtime and inexperienced trades, increasing jobsite accidents, workmanship defects, and rework claims.



Rising construction wages inflate payroll values, directly increasing workers' compensation premiums and indemnity exposure for lost-time injuries.



Fatigue, rushed onboarding, and compressed supervision amplify jobsite safety risks, driving higher bodily injury frequency in workers' compensation.



Material delivery delays extend project schedules, increasing exposure periods and triggering delay-in-start-up, business interruption, and liquidated damages claims.



Prolonged on-site material storage elevates theft, vandalism, and weather damage risks, while substitute materials may lead to performance failures.



Modern Case Evaluation



Claim severity continues to rise, driven by higher repair costs, extended treatment durations, and expanding theories of liability.



An increasingly unpredictable legal environment makes claim outcomes harder to forecast, complicating early exposure evaluation.



Social inflation and evolving juror sentiment trends contribute to larger verdicts and expanded damage expectations.



Defense costs are escalating due to longer litigation timelines, greater reliance on expert testimony, and more aggressive motion practice.



Plaintiff strategies have become more sophisticated and aggressive, emphasizing emotional narratives, corporate conduct, and trial leverage.



Case Evaluation: Holistic Exposure Analysis



JURISDICTIONAL
RISK



CORPORATE IMAGE
AND PUBLIC
SENTIMENT



PRIOR SAFETY
VIOLATIONS OR
INCIDENTS



SOCIAL MEDIA
IMPACT



PLAINTIFF COUNSEL
REPUTATION



PUNITIVE AND
EMOTIONAL
DAMAGE EXPOSURE



Factors Impacting “High Exposure”

- ▶ Hi-Rises / Mixed-Use
- ▶ Large Developments / Condos, Mixed Use
 - ▶ HOAs, Multiple HOA’s depending on project
 - ▶ Different CC&Rs among HOAs / Property Owners in multi-use projects
- ▶ Single Family Homes / Unique Construction Features
 - ▶ Movie Theaters (e.g., stadium seating, candy/popcorn bar)
 - ▶ Spa / Salon
 - ▶ Custom designed elements (e.g., windows); require special maintenance
 - ▶ Multiple pools / Cantilevered pools
 - ▶ Garage turntable / Elevators
 - ▶ Unique design elements (e.g., feature walls, “green” rooftops; “hidden” HVAC systems); beautiful in concept, but may not perform in “real world” setting
- ▶ Unique materials and finishes (e.g., Imported marble/stone; exotic woods)







© Terri Meyer Boake via CTBUH







Home Theater – Stadium Seating



Salon



“One Off” Unique Features / Finishes



Multiple Pools



Cantilevered Pools



Indoor / Outdoor Flow



Car Turntables



Car Elevators





Interior Elevators



Travis Scott – Hillside Failure