PERRIN CONFERENCES

# NORTH AMERICAN CONSTRUCTION SUMMIT

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

## The Rising Cost of Risk

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

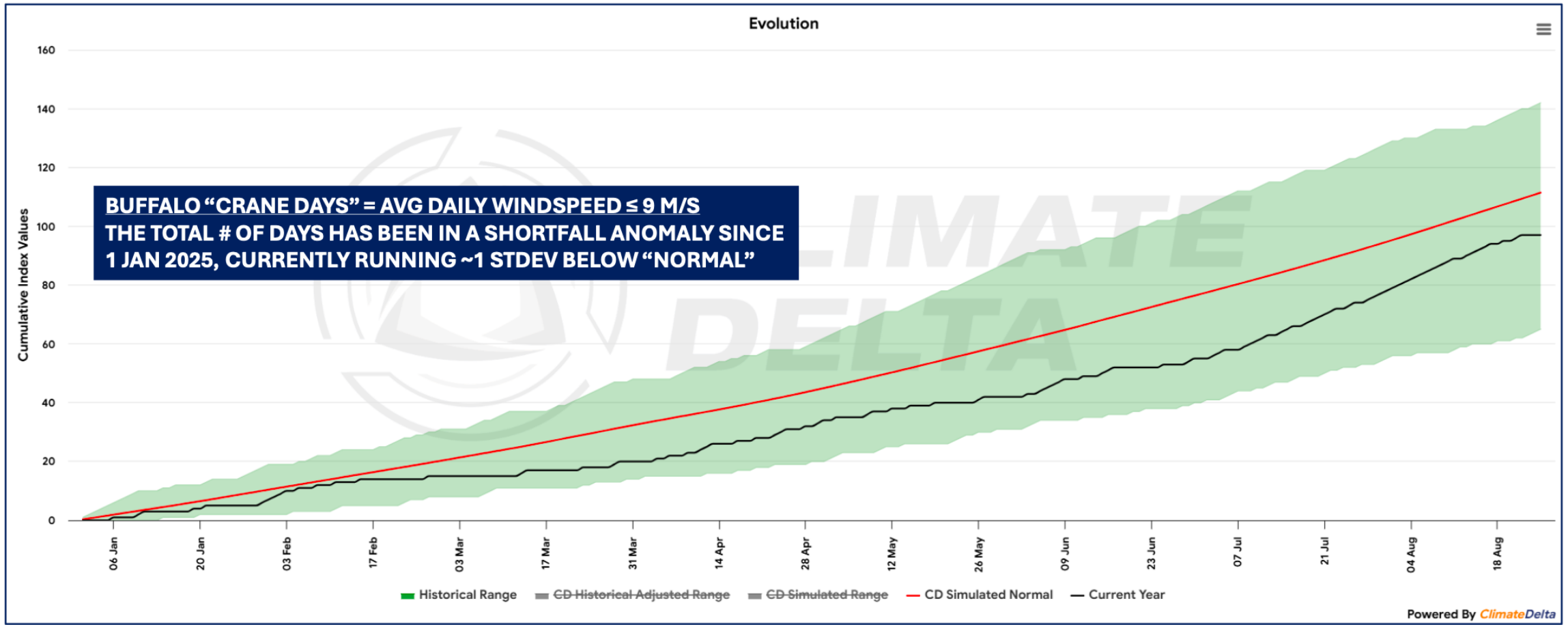
The Facts

- **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
- Extreme Heat
- Extreme Cold
- High Winds
- Supply-Chain Disruptions
- Delayed Seasons
- Off Label: Deductible Indemnity Fund
- Off Label: Bid Competitiveness

## Data, Analytics and Weather Insurance can save the day!

# The Benefits: Speed, Clarity, and Flexibility

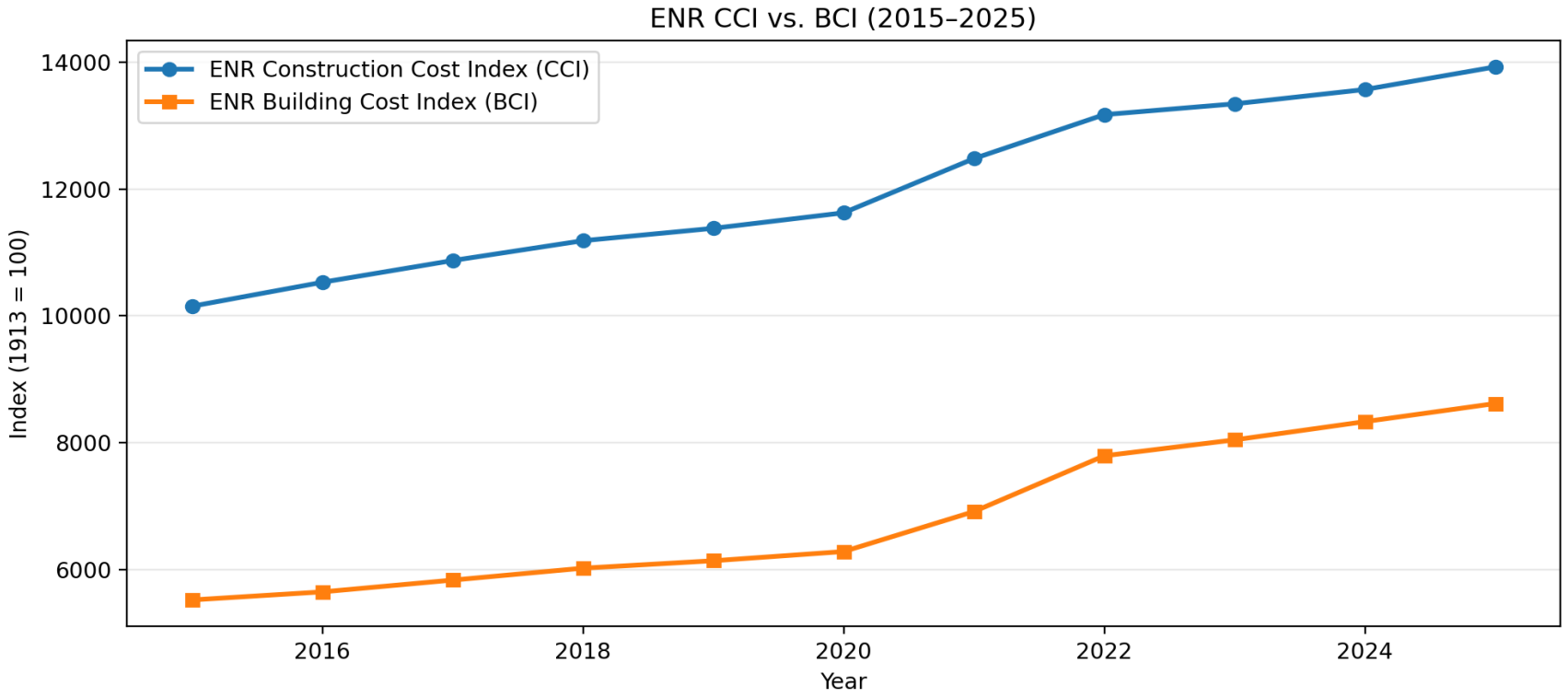
1. Fills Critical Coverage Gaps
2. Speed of Payout
3. Clarity & Transparency
4. Injury Prevention Through Design
5. Customization & Flexibility
6. Self-directed Funds

***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.

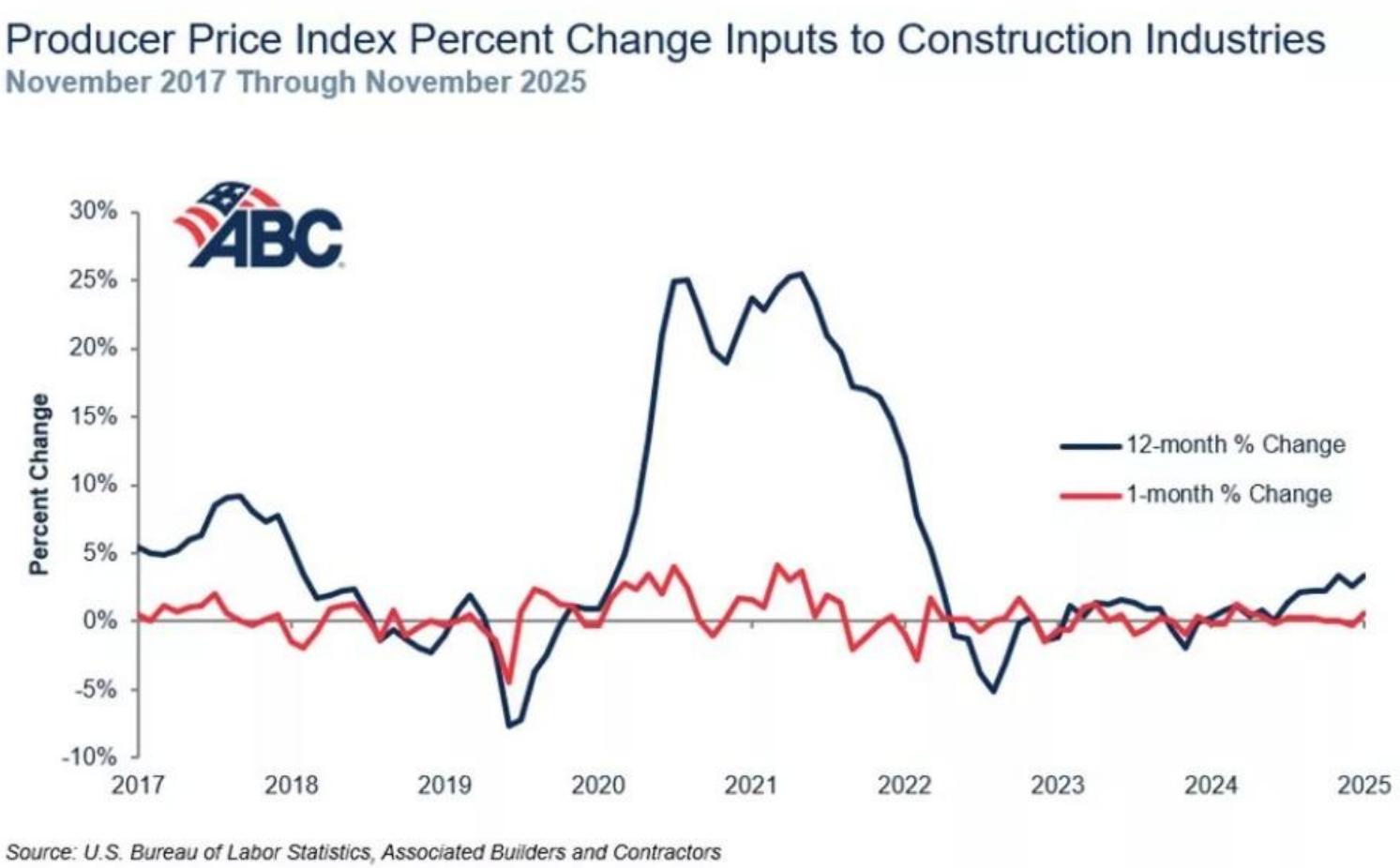
# Rising Construction Cost Indices



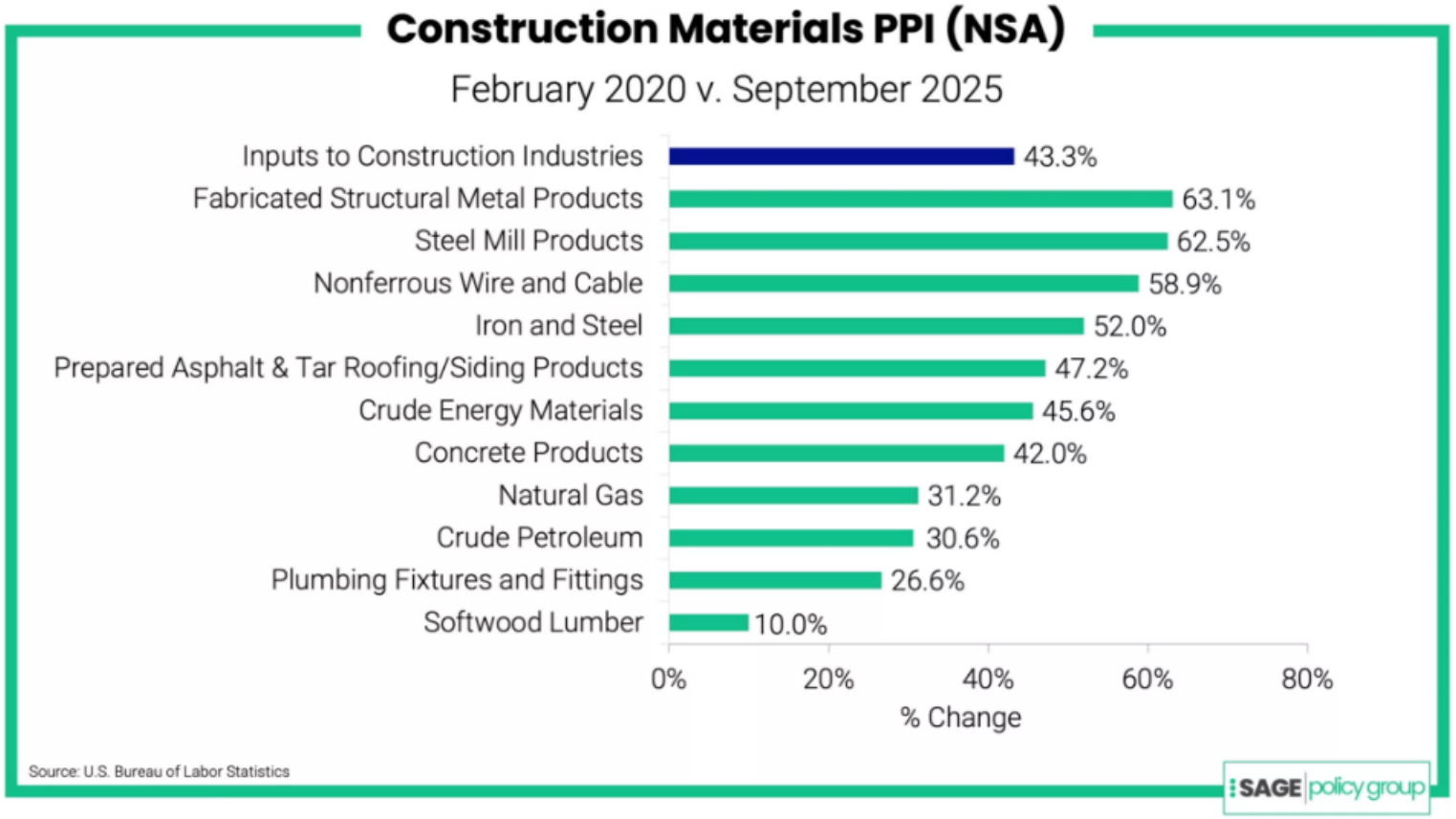

Notes: CCI values are Dec for 2015–2021; Nov 2022; Jun 2023; **Dec 2024 (user-supplied 13571)**; Sep 2025.
BCI values are annual avgs for 2015–2022 (Oregon DAS ENR-based), Jul 2023 & Jul 2024 (Oregon DAS), Sep 2025 (ENR).

Source: Engineering New Record Construction Cost Index

# Rising Construction Material Costs



# Rising Construction Material Costs

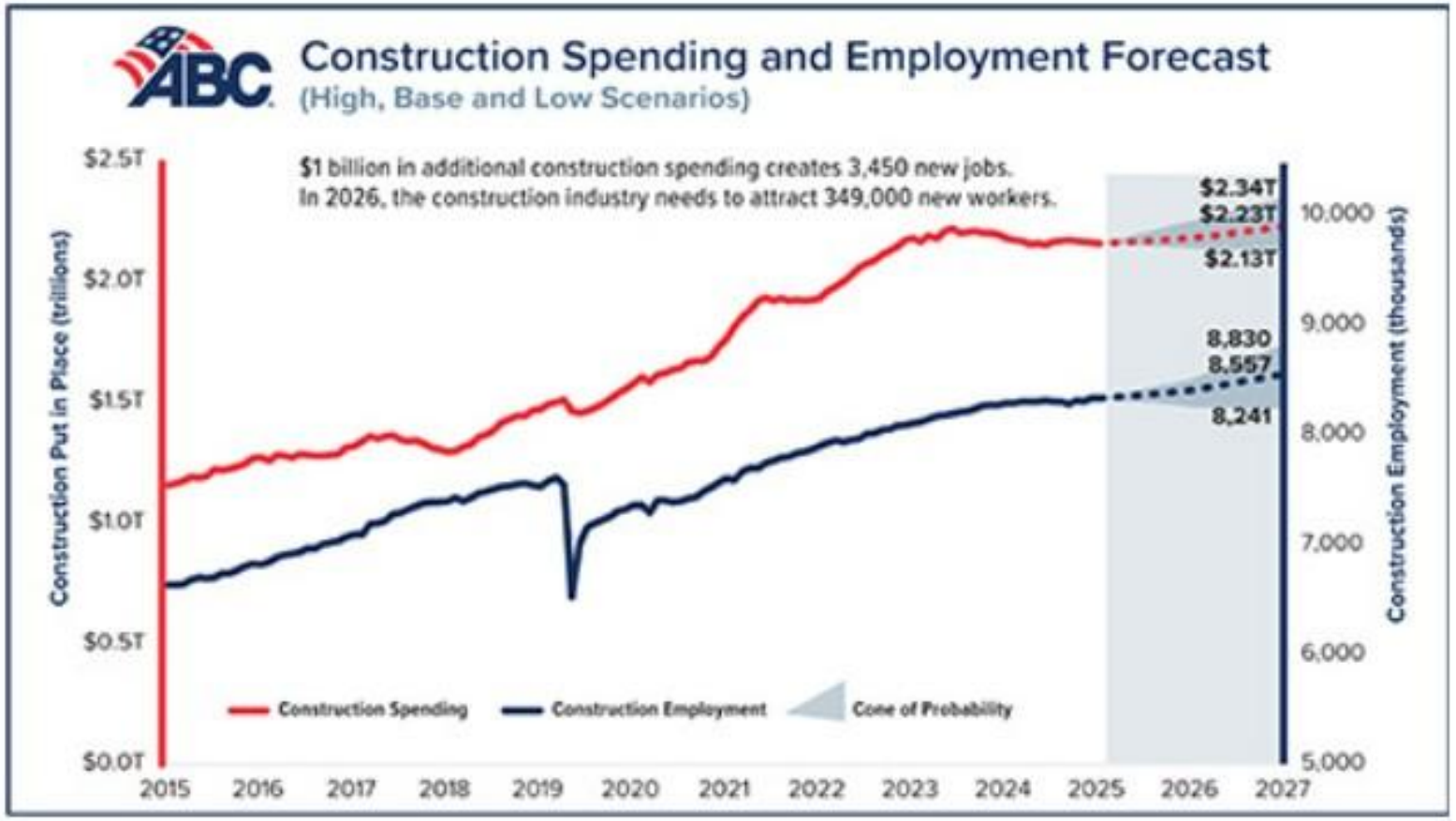



Source; Engineering New Record article “ABC: Construction Industry to Face 'Real Risks' in 2026” December 2025

# 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

# 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

# Advanced Risk Management

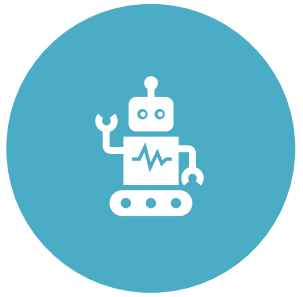
- Predictive analytics and AI enable earlier risk identification
- Real-time data from telematics, wearables, and IoT improves prevention
- Insurer-led risk engineering focuses on construction-specific controls
- Scenario-based modeling stress-tests catastrophic and defect exposure

# Emerging Coverage Innovations

Cyber coverage for construction technology

Environmental impairment liability innovation

Expanded completed operations for long-tail exposure



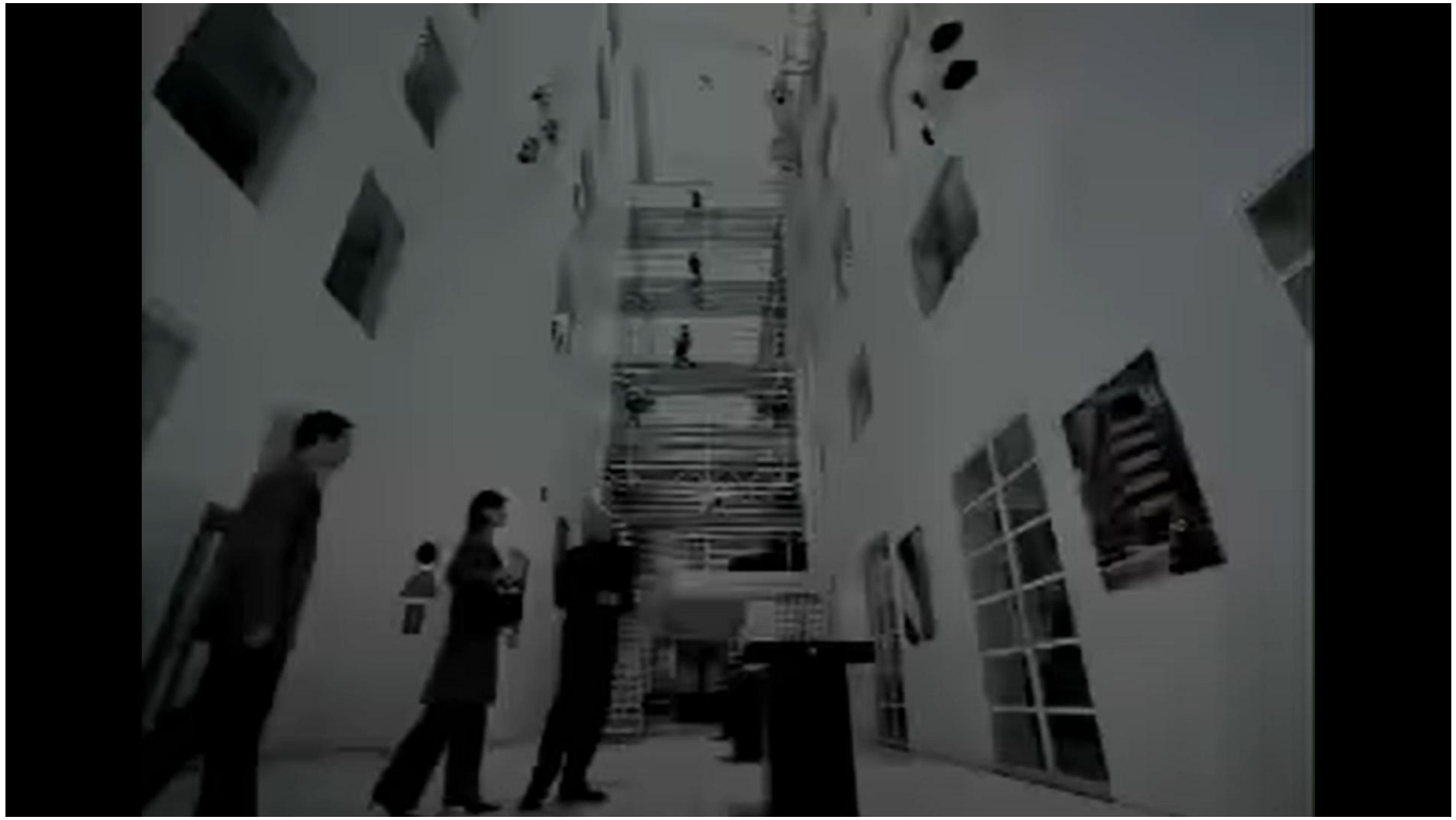
Specialty coverage for AI-driven and autonomous equipment

# Customized Insurance: Project-Specific Tailoring

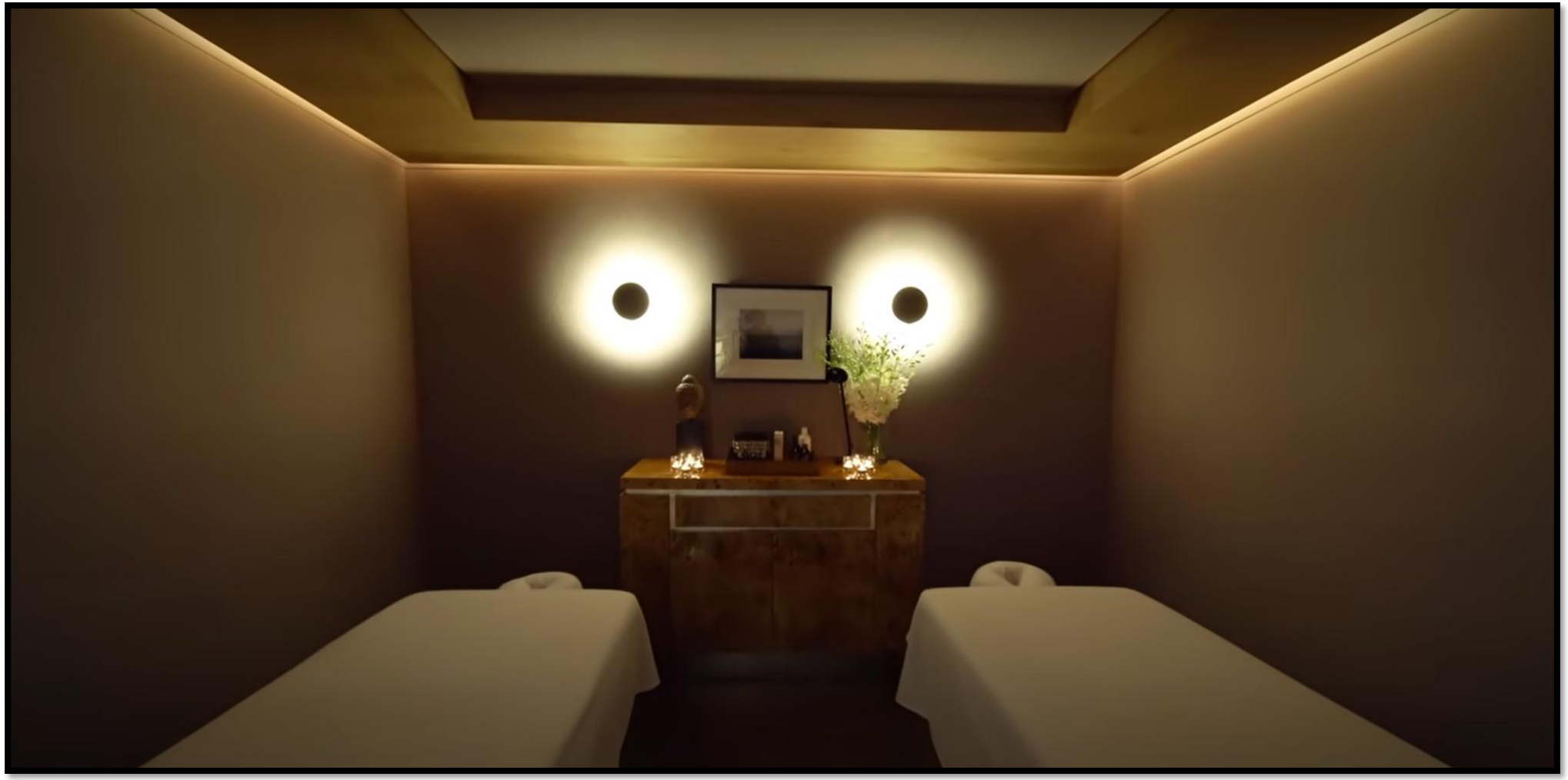
- Coverage aligned with project complexity and delivery method
- Consideration of contractor risk maturity
- Geographic and trade-specific exposures
- CCIP/OCIP enhancements for project hazards
- Specialized builders risk and high-hazard endorsements

# 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)



# Home Theater – Stadium Seating



# Salon

# “One Off” Unique Features / Finishes

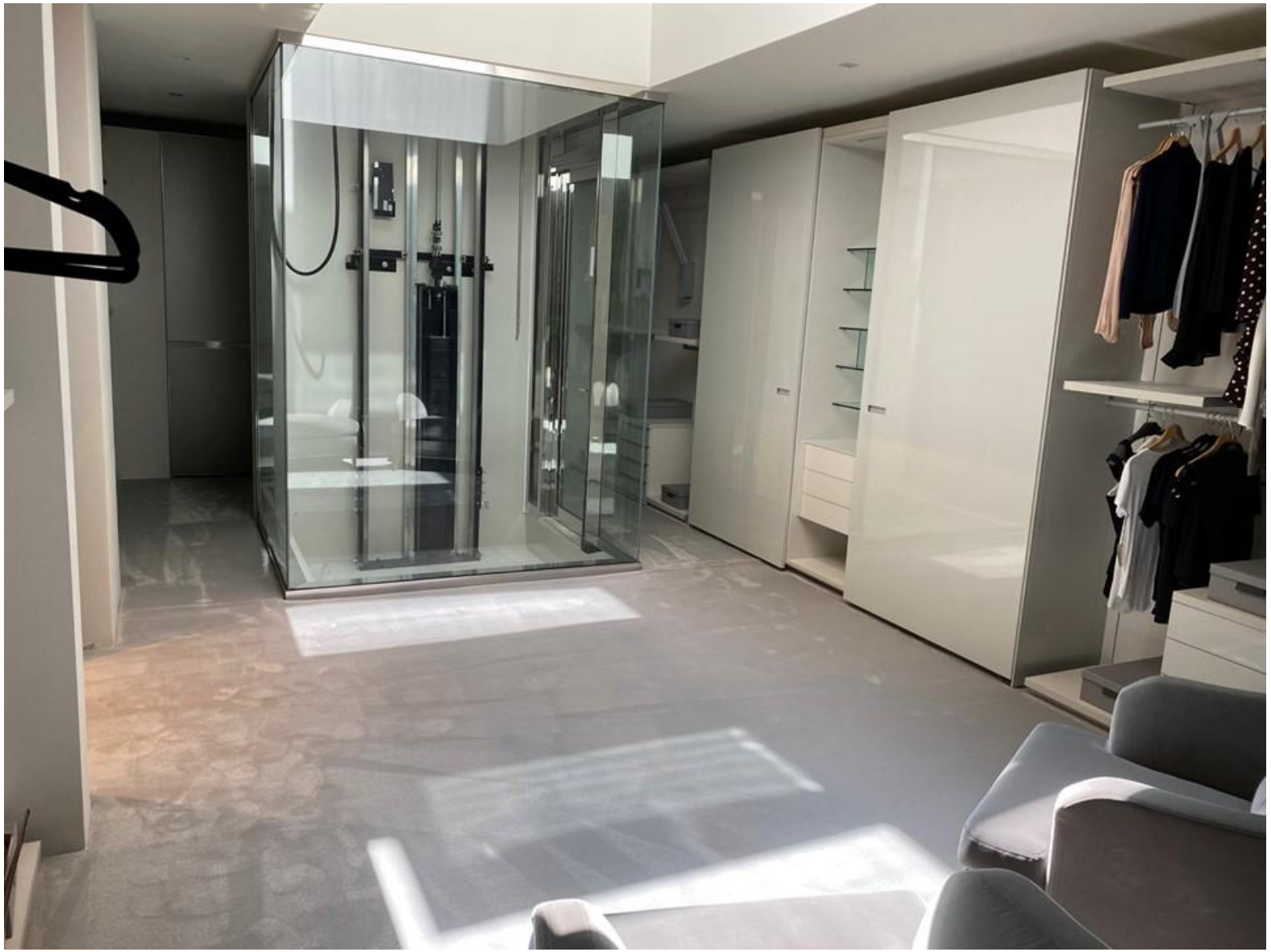
# Multiple Pools


# Cantilevered Pools

# Indoor / Outdoor Flow

# Car Turntables

# Car Elevators



# Interior Elevators

# Travis Scott – Hillside Failure