



## JARDINE LLOYD THOMPSON ASIA

17 September 2004

Press Release

### **Construction professional indemnity insurers exit markets - premiums remain high**

**Singapore, 17 September 2004** - The impact of the September 11<sup>th</sup> attacks, the poor underwriting results from the soft market of the late 1990's, shrinking capacity and low investment returns have taken their toll on Insurers' (and Reinsurers') balance sheets and have forced most to increase insurance premium rates and many to exit local markets or specific business lines.

Although this year there are signs of the insurance market "softening" (reduction of premium rates) slightly in respect of some construction insurances such as Contractor's All Risks and Third Party Liability, Professional Indemnity Insurance (PII) will remain hard says Mark Leverick, Head of Jardine Lloyd Thompson (JLT) Asia's Construction business.

The number of Insurers writing Construction PII has reduced. "Some markets have ceased writing this type of insurance whilst other markets have reduced their capacity," adds Mark Leverick. Among the 182 Insurers registered in Hong Kong, there are less than 15 active Insurers writing PII (including accountants, architects, actuaries, etc.) and only about 5 active Insurers writing construction PII.

In the current hard market, Mark Leverick suggests that contractors focus on risk management in order to attract Insurers' interest in covering their PII risks. He also advises to look for an experienced Insurance Broker who can secure a comprehensive insurance programme at the highest optimum value and in the best possible light to corral the capacity of the remaining markets and place coverage at optimum terms and conditions. It is also recommended that contractors consider purchasing annual PII which allows more markets to participate and creates longer-term relationships.



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Among the strategies that is contained in a recent JLT Asia report entitled “Construction PII Market Overview” include:

- Co-insurance structures
- Higher levels of self-insurance
- Annual Insurance programmes as an alternative to project specific PII.
- Increase emphasis on loss control
- Consider concessions gained during the soft market
- Encourage a three-way relationship between client, broker and insurer
- Review options to assume and manage risk, for example, creating a Captive Insurance arrangement or “renting” a captive alternative

For a copy of the full report or further information on Construction PII, please contact Mark Leverick at Tel: 852-2864 5565 or E-mail: [Mark\\_Leverick@jltasia.com](mailto:Mark_Leverick@jltasia.com)

### **About Jardine Lloyd Thompson Asia**

Jardine Lloyd Thompson (JLT) Asia is a leading provider of risk solutions, insurance and reinsurance broking, risk management and corporate consultancy services in the Asian region. Ranked as Asia’s Top Broker by the Asian Insurance Industry, three times in a row from 2001-2003, JLT Asia excels in innovating market-leading solutions in the areas of Claims Consultancy, Construction, Corporate Risk, Employee Benefits, Financial Solutions, Marine, Natural Resources, Reinsurance and Risk Management.

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