



Construction BENCHMARK REPORT

Key Findings

W. GROUP
100% Employee Owned

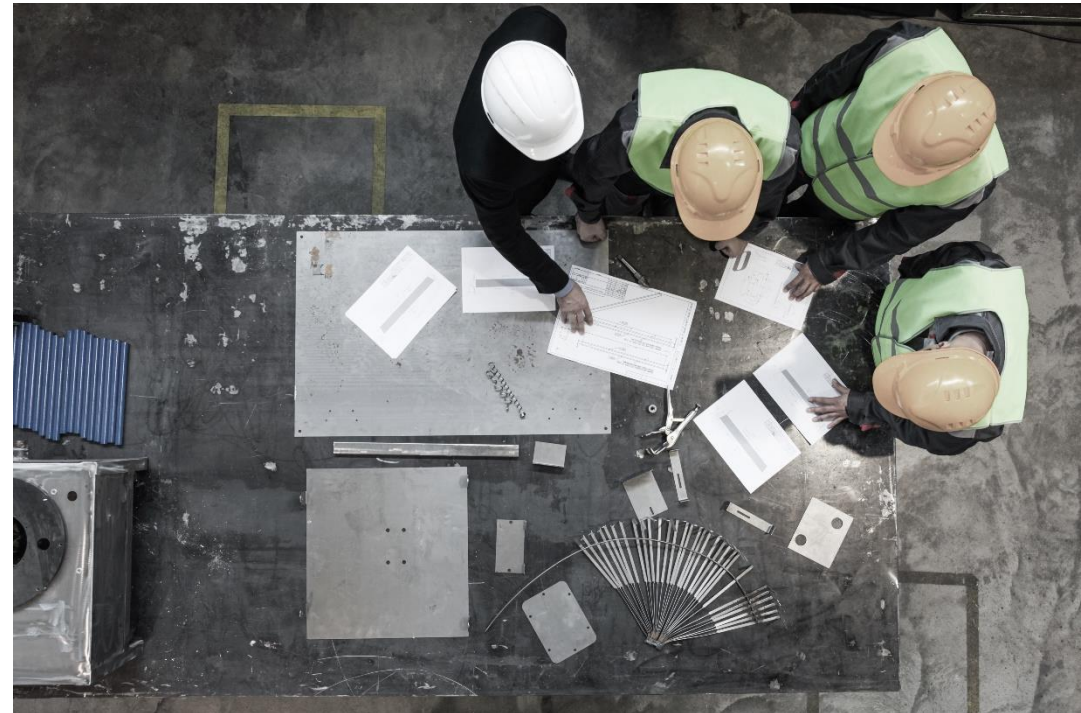
Key Findings

Construction Benchmark Report

Several members of the Assurex Global Partnership have extensive construction practices, providing risk management advice and insurance products to construction companies. We have collected information on the purchasing decisions of 1,624 of their individual clients, ranging in size from less than \$1 million to in excess of \$1 billion. This is the third annual construction survey performed by Assurex Global, based on 2022 data.

Much of the data conformed to our general expectations.

- The revenue reported in this year's survey increased substantially compared to last year, most likely due to more complete data submitted by survey participants.
- Payroll as a percentage of revenue varied widely by industry segment, with highway/heavy contractors having the lowest payroll as a percentage of revenue and the plumbing/HVAC group having the largest.
- Builder's risk/installation floater coverage varied by segment, with general contractors leading the field in the purchase of builder's risk coverage.
- Contractor's equipment coverage also varied by segment, with highway/underground having the highest limits of contractor's equipment.
- Property rates tended to increase for small contractors in each specialty but decreased for larger firms.



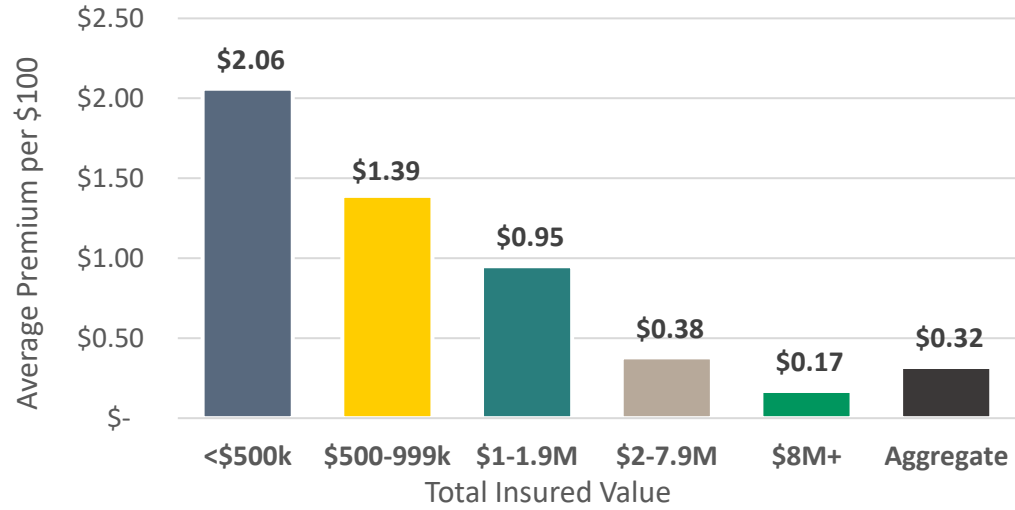
While much of the data conformed to our expectations, some elements surprised us.

- There was significant variability in contractor size between specialty areas.
- Excess liability limits increased significantly compared to last year.
- Excess liability rates and premiums increased moderately to dramatically, depending on the class of contractor.
- Contractor's equipment limits were lower than we expected. While the highway/underground category had the greatest values, even those values seemed relatively modest.
- The percentage of firms purchasing contractor's professional liability increased compared to our last survey.
- The percentage of firms purchasing environmental impairment liability coverage was higher than in our last survey.
- There was substantial variability between segments in the purchase of directors and officers liability (D&O) and cyber coverage.
- The incidence of subcontractor default coverage increased compared to last year.
- The incidence of owners and contractors protective policies increased compared to last year.

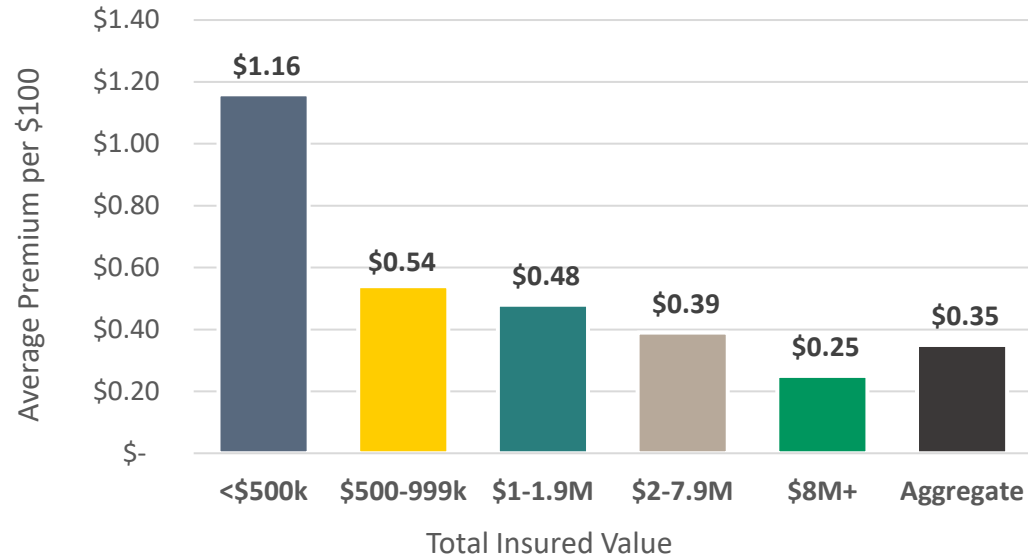
Changes in the economy and purchasing tendencies of the contractors in our survey led to some observations that are particularly noteworthy.

Property rates increased dramatically for small contractors but decreased as property values increased. The largest firms saw a significant rate decrease. On average, property rates decreased by 8 percent.

2022 Average Rate Per \$100 of Total Insured Value



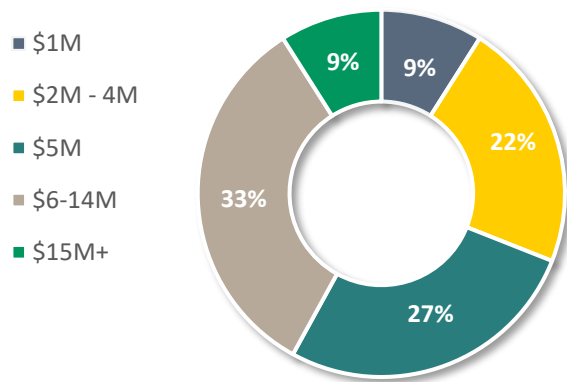
2021 Average Rate Per \$100 of Total Insured Value



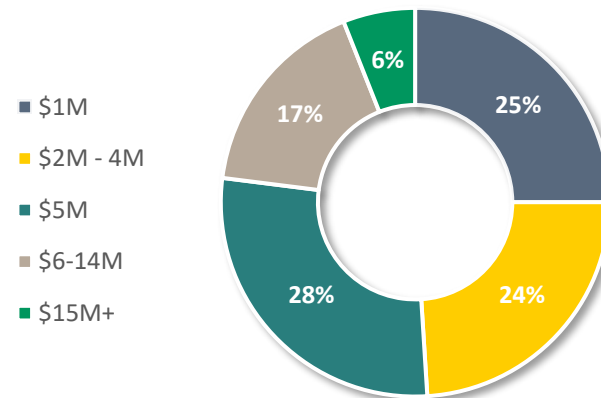
Excess liability limits increased significantly compared to last year.

The percentage of firms purchasing excess liability limits \$15 million or more increased by 50 percent over last year. The percentage of firms in the \$6 million to \$14 million range nearly doubled year over year. Likewise, the percentage of firms purchasing minimal excess liability limits decreased from 25 percent to 9 percent.

2022 Excess Liability Coverage Limits



2021 Excess Liability Coverage Limits



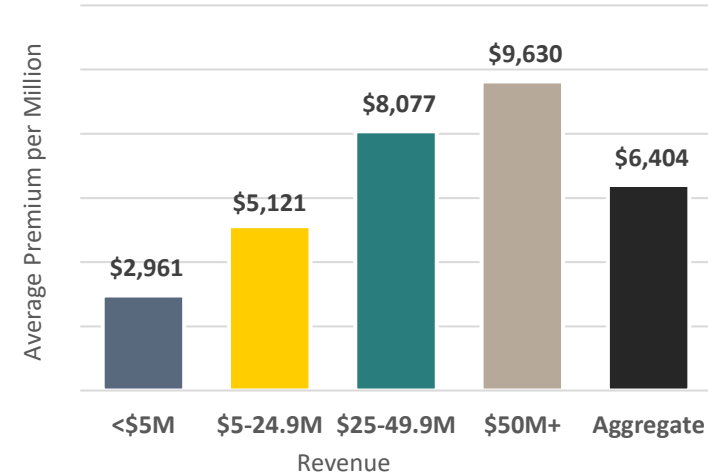
Excess liability rates and premiums increased moderately to dramatically, depending on the size and class of contractor.

Premiums per million dollars of coverage for the smallest contractors were relatively flat compared to last year. The premiums per million dollars of limit increased as revenue increased. The largest increase was 34 percent for firms generating \$25 million to \$50 million per year in revenue. The average increase was 16 percent.

Since our methodology combines the effects of rate and purchased limit, the increase in premium cannot be isolated to only a rate increase. Nonetheless, it is clear that excess liability premiums have increased in the last twelve months.

Additional drivers and variations are identified, along with all other results, in the full *2023 Construction Benchmark Report*.

2022 Excess Liability Premium per \$1 Million Limit by Revenue



2021 Excess Liability Premium per \$1 Million Limit by Revenue

