



“Insider Talks With A
Construction Underwriter”
– Justin Cumnock

What's my story?

- ❑ LM Underwriting Year Long Training Program.
- ❑ Promoted Four Times
- ❑ SME for WC and Construction
- ❑ Worked with a LOT of different agencies in 12 years.
- ❑ Underwriter to Producer – unusual and unique.
- ❑ Most importantly, Family!







TODAY'S AGENDA

- ✓ Market Outlook by each major Insurance Line of Business tailored through the lens of a SW WA/OR Contractor
- ✓ Strategies Tailored for YOU to get the best pricing, terms, and conditions.

Market Trends: What to Expect

- Commercial Property
- General Liability
- Commercial Auto
- Umbrella/Excess Liability
- Employment Practices Liability
- Cyber Insurance
- Workers Compensation
- Surety (Performance and Payment bonds)





Hard Market vs Soft Market

- ▶ Soft Market:
 - ▶ Lower insurance premiums
 - ▶ Broader coverage
 - ▶ Relaxed underwriting criteria
 - ▶ Increased capacity
 - ▶ Increased competition among insurance carriers.
- ▶ Hard Market:
 - ▶ Higher insurance premiums
 - ▶ More stringent underwriting criteria
 - ▶ Reduced capacity
 - ▶ Less competition among insurance carriers.
- ▶ WHAT MARKET ARE WE IN!?!? Depends which Line of Business!

Commercial Property

- ▶ Property Rate Increases
- ▶ Contractors can still negotiate competitive renewal terms
- ▶ Large Property accounts vs Smaller commercial property accounts
- ▶ CAT issues still exist in the PNW.
- ▶ Communicable Disease Exclusion/COVID-19



General Liability

- Market is somewhat hardening
- CD climate
- WA General Liability – Capped Payroll (\$600/week)
- Residential work vs Commercial/Industrial.
- Admitted vs Non-Admitted (also known as Surplus lines)
- \$2/\$4M requirements – new trend
- Revolving door of underwriters.
- CCIPs/OCIPs are seeing carriers push rates and reducing coverage terms in the residential space (tract, subdivisions, townhomes, condos)
- Tightening insurance requirements from larger GCs



Commercial Auto

- ▶ Hard Market. Carriers are losing money.
 - ▶ First 9 months of 2021, recent report NHTSA.
- ▶ Hyper focus on auto controls.
- ▶ Vehicle classifications
- ▶ MVR acceptability criteria in fleet programs and adhering to it.
- ▶ Qualified driver shortages are an issue (especially CDL).
- ▶ Telematics/Dashcams



Commercial Umbrella/Excess

- ▶ Hard Market!
- ▶ Reduced Capacity
- ▶ Rate Increases (15-30%)
- ▶ Larger Limit Requirements for Jobs
- ▶ Social Inflation



Employment Practices Liability

- ▶ What does EPL cover?
- ▶ Covid-19
- ▶ 3rd party claims
- ▶ Higher Retention
- ▶ High single digit to low double-digit increases.
- ▶ KEY to obtaining favorable EPL coverage and rates.
 - ▶ Union shops vs Non-Union shops.



Cyber Insurance

- ▶ Phishing Attacks
- ▶ Social Engineering Fraud
- ▶ IT Vendors
- ▶ Increased remote or hybrid work
- ▶ 2022 is set to be “Hangover” year from 2021 Cyber results.
 - ▶ MFA



Workers Compensation

- ▶ Very moderate rate increases planned in 2022
 - ▶ L&I – 3.1% *overall* increase on average
 - ▶ Oregon – 5.8% decrease on average (pure premium rate)
- ▶ L&I as they rate on hours worked (positive with inflationary wages)
- ▶ Joining L&I Group Retrospective Rating Plans
 - ▶ SWCA, AGC, BIAW, ABC, SMART “A”, Masters Builders Association





Inland Marine

- ▶ Lower levels of inventory. Used equipment going for a premium. Inflation and mfg bottlenecks are not helping. Single digit increases.
- ▶ Increase of equipment theft in urban areas and surrounding.
 - ▶ Topcon components (antennas, monitors, masts, etc) and “Smartgrade” machines
- ▶ What is a builders risk/COC?
 - ▶ What are we seeing with this product?
 - ▶ Wood Frame vs Other Construction Types: Capacity



Pollution & Professional

- ▶ What is Pollution? What is Professional? What do they cover?
- ▶ The Washington Supreme Court up (XIA v Probuilders Specialty Ins)
 - ▶ “efficient proximate cause” to avoid the application of a pollution exclusion.
 - ▶ Some carriers are knee-jerking and not writing certain construction operations in WA that have inherent pollution exposures since pollution exclusion has been penetrated.
- ▶ Market Outlook - Pollution & Professional.

Surety: Performance & Payment Bonds

- ▶ Soft Market
- ▶ PPP Loans
- ▶ Infrastructure Bill
- ▶ 3 C's of surety:
 - ▶ Capital
 - ▶ Capacity
 - ▶ Character





Strategy for Best Terms & Conditions

- ▶ Account Narrative
- ▶ Fleet Safety Program is IMPERATIVE
- ▶ General Safety Program
- ▶ Large losses – how to position yourself?
- ▶ KNOW the marketplace.
- ▶ Written subcontract
- ▶ Negotiate
- ▶ SAFER/FMCSA
- ▶ Business Website: Pro's and Con's

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Are you experiencing the below? We can help!

- ▶ Large premium/rate increases
- ▶ Poor service from agency (unresponsiveness)
- ▶ Unfavorable claims experience
- ▶ Contractual Review issues
- ▶ Assistance with written fleet safety programs
- ▶ Assistance with general safety programs
- ▶ OSHA compliance issues
- ▶ Increasing surety bond capacity





QUESTIONS?

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