



Emerging Risks in Construction

As a contractor in today's operating environment, you need to consider both Professional Liability and Cyber Liability coverage. The reality is that many risks have emerged in recent years that threaten your bottom line. With the differences in project delivery and design processes, and the introduction of more advanced technology, you need to understand these risks and how they may impact your business. In my experience, these two coverage lines – and potential exposures if not covered – are the most misunderstood and overlooked by many contractors, but both are vital components of your risk management program.

How confident are you that you understand how you are exposed to professional and/or cyber liability?

Many times, when I discuss these two lines of coverage with contractors, they are slow to recognize or understand their exposure. In the past, these coverage lines were more closely associated with architects or engineers in the context of the construction industry. But today, many contractors are more heavily involved in the design process opening them up to significant professional liability.

The increased use of technology in the project life cycle opens the door to cyber liability exposures. What data do you use? How is it used and by whom? How is it stored? How do you determine the level of sensitivity or confidentiality of the data? These questions can help you uncover some of your cyber exposures.

What about General Liability?

Contrary to popular belief, your General Liability policy will not cover everything. Contractors often ask, "Doesn't my General Liability policy cover that?" In most cases, General Liability policies are not designed to cover the same exposures as Professional and Cyber Liability and many GL policies even specifically exclude the occurrences that would otherwise be covered by a Professional or Cyber policy. There are many potential occurrences within the context of your operation that would not trigger a General Liability loss but would be within the scope of Professional Liability or Cyber Liability.

How can you deal with these emerging risks in your business?

The starting point is to work with a broker that understands your business on a deep level and is willing to take the time to help you identify and evaluate these exposures specific to your business and get the appropriate coverage in place. This is not an area where you can "set it and forget it". As your business evolves in the way you deliver products and services and use technology, so does your exposure to these and other risks.

Secondly, you must put controls in place to mitigate occurrences. Beyond coverage, there are actions you should take to help protect your business from the emerging risks of professional and cyber liability. Particularly in the area of cyber, employee training, controlled access and proper data security measures are vital. Depending on the size and scope of your business, it may be prudent to engage data security professionals to help your business develop appropriate plans, procedures and controls.

As you strive to run a profitable operation, retain great employees and produce excellent results, you are likely engaging in practices that expose you to professional and cyber liability. As a Risk Advisor, I'd love the opportunity to help you advance and grow your business in a way that appropriately anticipates, covers and mitigates your risk.

Written by

