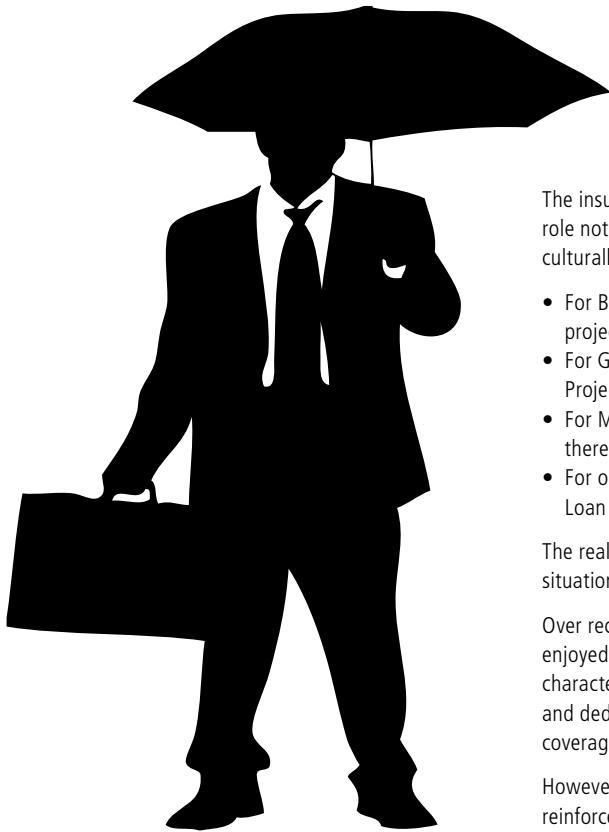




The Risk of a Changing Insurance Market

The Global Financial Crisis, the loss of a major insurance company and weather related claims have changed the way in which risk is being transferred from builders to the insurance market.



The insurance market plays a pivotal role not only throughout industry, but culturally throughout society.

- For Businesses to fund and deliver projects there must be insurance;
- For Governments to deliver Major Projects there must be insurance;
- For Mum and Dad to acquire a Home there must be insurance; and,
- For our Children to qualify for a Car Loan there must be insurance.

The reality of life is that in many situations - Insurance is the constant.

Over recent times, insurance buyers have enjoyed the benefits of a soft market characterised by low premium rates and deductibles, comprehensive policy coverage and highly rated insurers.

However, the Global Financial Crisis has reinforced the importance of considering the whole of risk in the transferring of risks to the insurance market. Specifically, the loss of a major insurance company and as a result the evaporation of capacity to pay claims (which drives the level of pricing and quality of coverage the insurer ultimately pays) should be considered in planning the pre-renewal process of an insurance program.

In general terms, insurers remain largely profitable underpinned by an effective regulatory regime which provides stability in underwriting practices specifically aimed at the quality of the placement and the management of risk.

Notwithstanding this, the insurance market has not only had to contend with the best the global financial crisis has thrown at it, but an increase in weather related claims.

With financial and climatic uncertainty growing, the placement of your risk will be a priority. The best risk management tool today is to plan the most effective approach to the renewal of your insurance program in concert with your insurance broker.

Builders, Contractors and Developers will still enjoy their insurer's mature level of capacity; however certainty of placement will drive negotiations over premium rates and deductibles.

To effectively manage the risk of a changing insurance market, the focus and priority should be devoted to:

- Align your Company with an Insurance Broker you have confidence in to become your partner through the insurance cycle;
- Develop a whole of risk approach to the pre-renewal strategy of your insurance program; and,
- Review of current uninsured risks – the risks you have traditionally self-retained may be more relevant today.

MBA Insurance Services have skilled and experienced brokers to provide you with total insurable risk solutions to your insurance needs and partner you through this storm. Call MBA Insurance Services on 9411 4555.