

RISKY BUSINESS

Analysis of Risk in Construction

There is no doubt that the construction industry is risky business. Construction projects are subject to countless variables. From weather conditions to human error, there's no telling exactly when or from where risk might occur. Insurance adjusters and general contractors must consider risks like accidents on the job, property conditions, and even poor engineering designs. The losses that contractors face need to be

covered in a risk analysis.


Insurance companies play a substantial role in determining how much risk is associated with a project. They are taking the financial risks for construction projects when they issue policies to cover potential losses. To determine how much oversight will be needed to protect their investment, insurance companies will look at what risks exist and what can be done to manage them.



Concurrently, construction managers can save money by reducing risks, lowering insurance premiums and saving lost time on jobs.

Risk-management analysis should cover the entire cost of a project rather than subcontractors obtaining separate risk insurance policies. It's preferable for the general contractor to provide a total risk analysis to guard against individual contractors skewing numbers or skimping on the risks assessments.

Insurance premiums may be lowered if certain measures are taken, such as buying safety equipment or providing employee training. The total cost of insurance can be reduced when individual contractors purchase project coverage together. The key is to identify which subcontractors pose the most risk and which can do the most to lessen risk. For example, roofers may be at higher risk than drywall subs. However, by adjusting time frames, weather-related roofer risks can be substantially reduced. Simply requiring workers to wear helmets, goggles and safety vests on worksites can reduce risks and cost.

Project owners and construction managers hire experienced people who best know their individual roles to properly execute a project with minimum risk. Hiring an experienced insurance agency like **The Starr Group** to thoroughly examine the variety of project risks is the first step to managing them. **Call us today at 1-414-421-3800** for a free, no-obligation consultation. 

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