

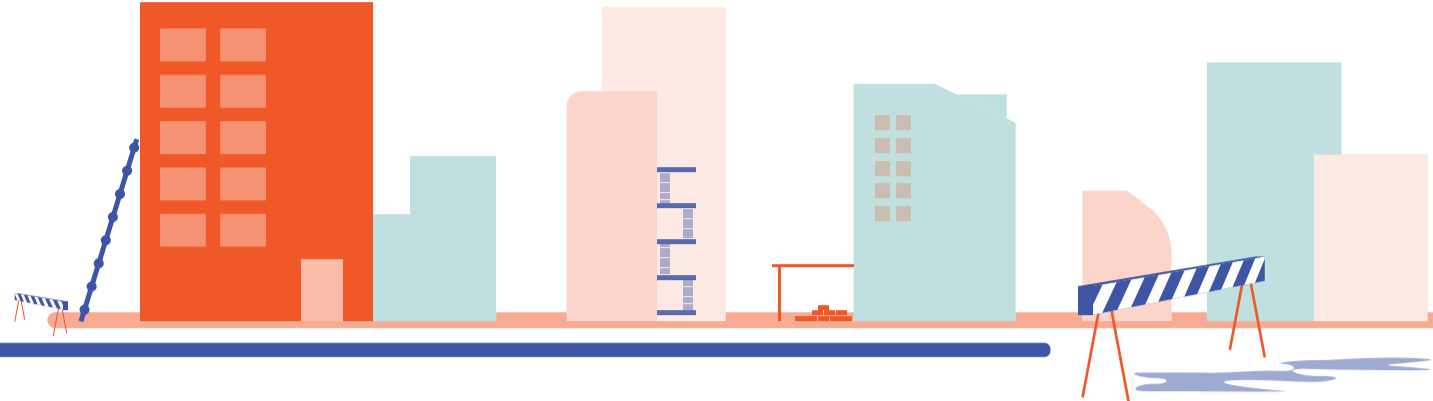
# Seven Trends to Watch in the Construction Industry

In today's world, organizations in the construction industry face innumerable risks that must be addressed. From supply chain challenges to managing project timelines and enabling new technologies, the risk landscape in the construction industry is always shifting. With complex risks comes the need for an insurance carrier with deep industry expertise and a firm handle on the future of the construction industry.

Munich Re Specialty Insurance's team of dedicated underwriters has its eye on the future of construction.



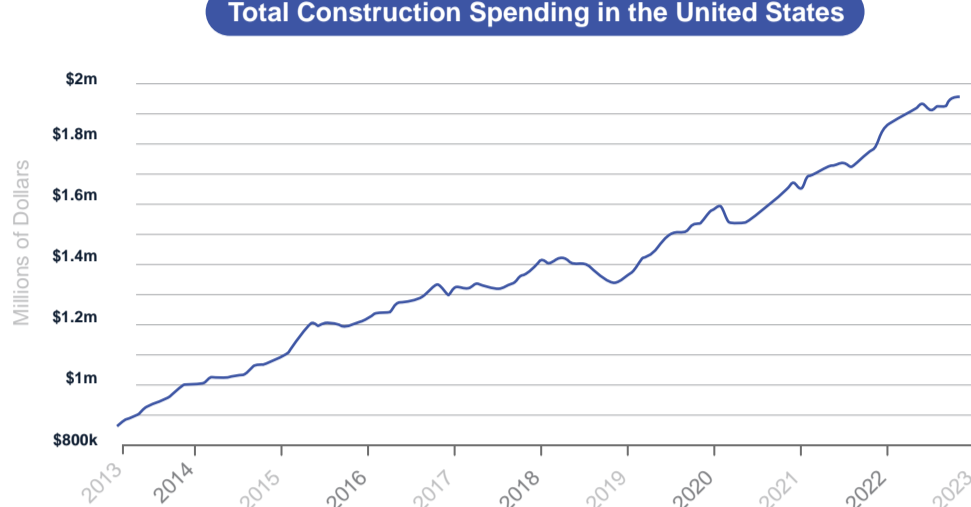
## Construction Industry by the Numbers



The construction industry employs more than **7.8 million** workers in the United States.

Source: The Associated General Contractors (AGC) of America

### Total Construction Spending in the United States



Source: U.S. Census Bureau

**\$1.8 trillion**

The value of buildings, structures and other projects created by the construction industry annually.

Source: The Associated General Contractors (AGC) of America

The construction industry accounts for roughly **4.3%** of US Gross Domestic Product

Source: Federal Reserve Bank of St. Louis

## Seven Trends to Watch

- 1 The Impact of Infrastructure Spending** – In 2021, the federal government passed the bipartisan Infrastructure Investment and Jobs Act (IIJA), including \$550 billion in investments in America's roads and bridges, water infrastructure, resilience, digital infrastructure, environmental remediation, and more. Experts anticipate funds tied to the IIJA will reach contractors as projects are approved between 2023 and 2025.
- 2 Supply Chain Challenges** – With the onset of the COVID-19 pandemic, the construction industry felt the widespread impact of supply chain problems such as material shortages and deliverability disruption. In large part, supply chains have rebounded. However, many materials – including concrete products, electrical components and gypsum – are still hard to acquire and are increasing in price.
- 3 Labor Trends** – Labor availability remains a major challenge for contractors across the country. According to recent survey data from the AGC and Autodesk, 93% of construction firms are having difficulty filling open positions with skilled workers. Workforce challenges have far reaching consequences on project timelines, costs and opportunities for contractors.
- 4 Project Timelines** – The lingering effects of pandemic-related slowdowns, supply chain issues, material and labor cost, and inflation all impact project timelines. Many project owners rushed to secure funding and bonding near the end of 2022 in reaction to rising interest rates. Today, projects commonly start late and run long, creating risk management and insurance challenges.
- 5 Emerging Technologies** – Emerging technologies such as artificial intelligence, the Internet of Things, drones, 3-D printers, smart sensors, and wearables have quickly changed the way construction is done. Contractors that embrace technology are finding ways to better their efficiency, improve employee safety, and reduce costs.
- 6 Modular Construction** – Modular construction refers to the production of standardized components of a structure at off-site locations with assembly at jobsites to create structures. Modular construction helps the industry to improve efficiency. In particular, modular builders save time, reduce weather delays, lower labor cost and reduce material waste.
- 7 Possible Inflation** – The possibility of a recession impacts the construction industry in several ways. As interest rates rise, investment in projects can be affected, and increased financial volatility can lead to an increased risk of subcontractor defaults and cancellations. What's more, the rising cost of wages, medical care and materials have all driven up the cost of construction insurance and surety claims.

## Take the Next Step with Munich Re Specialty Insurance

Munich Re Specialty Insurance offers wide-ranging primary and excess casualty insurance solutions, as well as inland marine and surety offerings, to the construction industry through our select brokers. Our broad risk appetite, experienced individual risk underwriting teams, and proven service responsiveness is backed by coverage through our A+ rated carriers. You will get timely, trusted, and highly-tailored coverage to meet clients' most complex needs.

Beyond that, we are a solutions provider that is:

**Committed to making quick decisions and providing exceptionally responsive service**

**We have capacity and are willing to take on challenging risks and unique exposures; every case is reviewed on its own merits by our specialized risk underwriters**

**Tech-enabled and focused on applying innovation to risk selection and decision-making**

**Focused on providing a high level of transparency in all interactions**

**In it for the long haul with over 140 years of insurance experience**

**Future focused with industry risk experts ready to meet the next challenge**

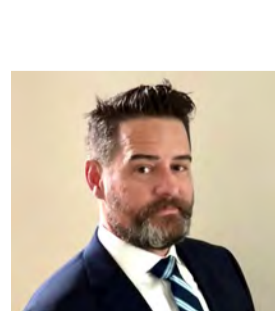
Learn more about Munich Re Specialty Insurance construction industry solutions [here](#).

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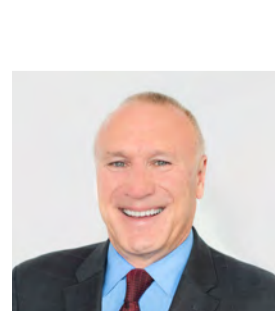
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